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Iraq: U.S. Efforts to Change the Regime

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Summary

In his January 29, 2002 State of the Union message, President Bush characterized Iraq as part of an “axis of evil,” along with Iran and North Korea. The President identified the key threat from Iraq as its development of weapons of mass destruction (WMD), and the potential for Iraq to transfer WMD to the terrorist groups it sponsors. Since September 2002, the President has said on several occasions that unless Iraq allows full disarmament of its WMD by U.N. weapons inspectors, the United States will take military action to achieve that disarmament, which would almost certainly entail the ouster of Iraq’s President Saddam Hussein and his Ba’th Party regime.

Although the Administration has been less vocal about the regime change goal since the September 2002 decision to disarm Iraq through the United Nations, the Administration maintains that regime change has been declared U.S. policy since November 1998 and remains the desired goal. Even before October 1998, U.S. efforts to oust Saddam had been pursued, with varying degrees of intensity, since the end of the Gulf war in 1991. These efforts primarily involved U.S. backing for opposition groups inside and outside Iraq, some of which are now receiving increased U.S. political and financial support. According to several experts, past efforts to change the regime floundered because of limited U.S. engagement, disorganization of the Iraqi opposition, and the efficiency and ruthlessness of Iraq’s several overlapping intelligence and security forces. Previously, major U.S. military action to change the regime had been ruled out as too costly and risky and not necessarily justified by the level of Iraq’s non-compliance.

Most experts believe that, should the Bush Administration decide to take action to overthrow Iraq’s regime, nothing short of the direct use of U.S. armed force would guarantee Saddam’s downfall. Advocates of military action believe that U.S. action would lead to a regime that forswears WMD, respects the human rights and economic well-being of its people, and serves as a model for broader democratization in the Arab world. Others believe that the Iraqi military is seriously weakened after a decade of sanctions and would likely be quickly defeated or defect.

Opponents of military action maintain that there is little international support for unilateral U.S. military action to change Iraq’s regime, that doing so could destabilize the Middle East and hinder the broader war on terrorism, and that action could lead to numerous U.S. casualties and a long-term presence in Iraq. Others believe that the threat from Saddam’s regime is manageable through means currently in place, such as containment, especially so now that Iraq is allowing access to all sites by U.N. weapons inspectors.

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Iraq: U.S. Efforts to Change the Regime

The United States has been attempting to change Iraq's regime since the 1991 Persian Gulf war, although achieving this goal was not declared policy until 1998. In November 1998, amid a crisis with Iraq over U.N. weapons of mass destruction (WMD) inspections, the Clinton Administration stated that the United States would seek to go beyond containment to promoting a change of regime. A regime change policy was endorsed by the Iraq Liberation Act (P.L. 105-338, October 31, 1998). Bush Administration officials have emphasized regime change as the cornerstone of U.S. policy toward Iraq. This paper discusses past and current U.S. efforts to oust Saddam Hussein and the current debate over the implementation of that policy.

Past Attempts to Oust Saddam

Prior to the launching on January 16, 1991 of Operation Desert Storm, an operation that reversed Iraq's August 1990 invasion of Kuwait, President George H.W. Bush called on the Iraqi people to overthrow Saddam. Within days of the end of the Gulf war (February 28, 1991), opposition Shiite Muslims in southern Iraq and Kurdish factions in northern Iraq, emboldened by the regime's defeat and the hope of U.S. support, launched significant rebellions.¹ The revolt in southern Iraq reached the suburbs of Baghdad, but the well-trained and loyal Republican Guard forces had survived the war largely intact, having been withdrawn from battle prior to the U.S. ground offensive, and the Guard defeated the Shiite rebels by mid-March 1991. The Kurds, benefitting from a U.S.-led "no fly zone" established in April 1991, were able to carve out an autonomous zone in northern Iraq, and remain largely free of Baghdad's rule today.

According to press reports, about two months after the failure of the Shiite uprising, President George H.W. Bush forwarded to Congress an intelligence finding stating that the United States would undertake efforts to promote a military coup against Saddam Hussein; a reported \$15 million to \$20 million was allocated for that purpose.² The Administration apparently believed – and this view apparently still is shared by many experts and U.S. officials – that a coup by elements within the current regime could produce a favorable new government without fragmenting Iraq. Many observers, however, including neighboring governments, feared that Shiite and Kurdish groups, if they ousted Saddam, would divide Iraq into warring ethnic and tribal groups, opening Iraq to influence from neighboring Iran, Turkey, and Syria.

¹ Shiites constitute about 65% of Iraq's population but historically have been repressed and under-represented in governing bodies by the members of the Sunni Muslim sect. Kurds, who are not Arabs, constitute about 20% of the population of about 20 million.

² Tyler, Patrick. "Plan On Iraq Coup Told to Congress." *New York Times*, Feb. 9, 1992.

An Opposition Coalition Emerges

Reports in July 1992 of a serious but unsuccessful coup attempt suggested that the U.S. strategy might ultimately succeed. However, there was disappointment within the George H.W. Bush Administration that the coup had failed and a decision was made to shift the U.S. approach from promotion of a coup to supporting the diverse opposition groups that had led the postwar rebellions. The Kurdish, Shiite, and other opposition elements were coalescing into a broad and diverse movement that appeared to be gaining support internationally. Congress more than doubled the budget for covert support to the opposition groups to about \$40 million for FY1993.³

The Iraqi National Congress

The Iraqi National Congress (INC) served as the vehicle for U.S. support. The INC was formed when the two main Kurdish militias — the Kurdistan Democratic Party (KDP), headed by Masud Barzani, and the Patriotic Union of Kurdistan (PUK), headed by Jalal Talabani — participated in a June 1992 meeting in Vienna of dozens of opposition groups. In October 1992, the major Shiite groups came into the coalition when the INC met in Kurdish-controlled northern Iraq. Selected to chair the INC's Executive Committee was Ahmad Chalabi, a secular Shiite Muslim and U.S.-educated mathematician who had fled Iraq to Jordan in 1958, 10 years before the Ba'th Party took power in Iraq (July 1968). He eventually chaired the Petra Bank there, but later ran afoul of Jordanian authorities on charges of financial malfeasance and he left Jordan in 1989. Chalabi maintains that the Jordanian government was pressured by Iraq to turn against him.

The INC initially appeared viable because it brought under one banner varying Iraqi ethnicities and diverse political ideologies, including nationalists, ex-military officers, and defectors from Iraq's ruling Ba'th Party. The Kurds provided the INC with a source of armed force and a presence on Iraqi territory. Its constituent groups nominally united around a platform that appeared to match U.S. values and interests, including human rights, democracy, pluralism, "federalism" (see below), the preservation of Iraq's territorial integrity, and compliance with U.N. Security Council resolutions on Iraq.⁴ However, many observers doubted its commitment to democracy, because most of its groups have an authoritarian internal structure, and because of inherent tensions among its varied ethnic groups and ideologies.

The Kurds/KDP and PUK. In committing to the concept of federalism, the INC platform assured the Kurds substantial autonomy within a post-Saddam Iraq, although some fear the Kurds would seek outright independence. Turkey, which has a sizable Kurdish population in the areas bordering northern Iraq, particularly fears that independence for Iraq's Kurds would likely touch off an effort to unify into a broader "Kurdistan." Iraq's Kurds have been fighting intermittently for autonomy

³ Sciolino, Elaine. "Greater U.S. Effort Backed To Oust Iraqi." *New York Times*, June 2, 1992.

⁴ The Iraqi National Congress and the International Community. Document provided by INC representatives, February 1993.

since their region was incorporated into the newly formed Iraqi state after World War I. In 1961, the KDP, then led by founder Mullah Mustafa Barzani, Masud Barzani's father, began an insurgency that has continued until today, although interrupted by periods of autonomy negotiations with Baghdad. Masud Barzani's brother, Idris, was killed during the Iran-Iraq war. The PUK split off from the KDP in 1961; the PUK's members are generally more educated, urbane, and left-leaning than those of the KDP. Together, the PUK and KDP have about 35,000-50,000 fighters. A small Kurdish Islamic faction, the Islamic Movement of Iraqi Kurdistan (IMIK), is headed by Shaykh Ali Abd-al Aziz. Based in Halabja, Iraq, the IMIK has publicized the effects of Baghdad's March 1988 chemical attack on that city, and it allied with the PUK in 1998.

A radical faction of the IMIK split off in 1998, calling itself the Jund al-Islam (Army of Islam) and, later, the Ansar al-Islam (Partisans of Islam). This faction, led by Mullah Krekar (who was arrested in Europe in August 2002), reportedly is associated with Al Qaeda and has hosted in its northern Iraq enclave Al Qaeda fighters who fled the U.S.-led war in Afghanistan. There are about 8,000 in the Ansar al-Islam enclave, including about 600 fighters.⁵ Mullah Krekar reportedly studied under Shaykh Abdullah al-Azzam, an Islamic theologian of Palestinian origin who was the spiritual mentor of Osama bin Laden. Fighters of Ansar al-Islam clashed with the PUK around Halabja in early December 2002.

SCIRI. Several outside experts had concerns about the alliance between Iran and another INC component, the Iraqi Shiite Islamic fundamentalist group called the Supreme Council for the Islamic Revolution in Iraq (SCIRI). SCIRI was set up in 1982 to increase Iranian control over Shiite opposition groups in Iraq and the Persian Gulf states. Its leader, Ayatollah Muhammad Baqr al-Hakim, was the late Ayatollah Khomeini's choice to head an Islamic Republic of Iraq. Hakim and his family, most notably his brother Abd al-Aziz, were leaders of the Da'wa (Islamic Call) Party, which allegedly was responsible for a May 1985 attempted assassination of the Amir of Kuwait and the December 1983 attacks on the U.S. and French embassies in Kuwait. Members of the Hizballah organization in Lebanon that held U.S. hostages in that country during the 1980s often linked release of the Americans to the release of 17 Da'wa Party prisoners held by Kuwait for those offenses.

SCIRI has about 5,000 fighters organized into a "Badr Corps" (named after a major battle in early Islam) that conducts forays from Iran into southern Iraq to attack the Iraqi military and officials there. Although Iran has improved relations with Iraq over the past few years, Iran's Revolutionary Guard – which is politically aligned with Iran's hard line civilian officials – reportedly continues to provide the Badr Corps with weapons and other assistance. However, many Iraqi Shiites view SCIRI as an Iranian creation and SCIRI/Badr Corps operations in southern Iraq have not been known to spark broad popular unrest against the Iraqi regime. SCIRI has periodically distanced itself from the INC and, until August 2002 when Abd al-Aziz al-Hakim joined other opposition figures for meetings in Washington, it has publicly refused to work openly with the United States or accept U.S. assistance. Press

⁵ Chivers, C.J. Repulsing Attack By Islamic Militants, "Iraqi Kurds Tell of Atrocities." *New York Times*, December 6, 2002.

reports in late 2002 say that factions in Iran differ over whether SCIRI should be cooperating with the United States and that some Iranian factions are supporting rival Shiite Islamist groups less inclined to work with Washington.

The Fragmentation of the Opposition

The differences within the INC led to its near collapse in the mid 1990s. In May 1994, the KDP and the PUK began clashing with each other over territory, customs revenues levied at border with Turkey, and control over the Kurdish enclave's government based in Irbil. The PUK lined up support from Iran while the KDP sought and received countervailing backing from its erstwhile nemeses, the Baghdad government. The infighting contributed to the defeat of an INC offensive against Iraqi troops in March 1995; the KDP pulled out of the offensive at the last minute. Although it was repelled, the offensive did initially overrun some of the less well-trained and poorly motivated Iraqi units on the front lines facing the Kurds. Some INC leaders have pointed to the battle as an indication that the INC could succeed militarily in the future if it were given additional resources and training.

The Iraqi National Accord (INA). The infighting in the INC caused the United States to briefly revisit the “coup strategy” by renewing ties to a separate group, Iraq National Accord (INA).⁶ The INA, originally founded in 1990 with Saudi support, consists of military and security defectors who were perceived as having ties to disgruntled officials currently serving within their former organizations. It is headed by Dr. Iyad Alawi, former president of the Iraqi Student Union in Europe. The INA's prospects appeared to brighten in August 1995 when Saddam's son-in-law Hussein Kamil al-Majid — architect of Iraq's weapons of mass destruction programs — defected to Jordan, suggesting that Saddam's grip on the military and security services was weakening. Jordan's King Hussein agreed to allow the INA to operate from there. However, the INA became penetrated by Iraq's intelligence services and, in June 1996, Baghdad dealt it a serious setback by arresting or executing over 100 INA sympathizers in the military. Alawi claims that the INA continues to operate throughout Iraq, and it apparently has rebuilt itself to some extent since the June 1996 arrests. Although it is now cooperating with the INC, there is a history of friction between the two groups; the INA reportedly bombed an INC headquarters in northern Iraq in October 1995.

Iraq's counteroffensive against the opposition was completed two months later. In late August 1996, the KDP asked Baghdad to provide armed support for its capture of Irbil from the rival PUK. Iraq took advantage of the request to strike against the INC base in Salahuddin, northern Iraq, as well as against remaining INA operatives throughout northern Iraq. In the course of its incursion in the north, Iraq reportedly executed two hundred oppositionists and arrested as many as 2,000 others. The United States evacuated from northern Iraq and eventually resettled in the United States 650 oppositionists, mostly from the INC.

⁶ An account of this shift in U.S. strategy is essayed in Hoagland, Jim. “How CIA's Secret War On Saddam Collapsed.” *Washington Post*, June 26, 1997.

Rebuilding an Opposition Strategy

For the two years following the opposition's 1996 setbacks, the Clinton Administration had little contact with the opposition. In those two years, the INC, INA, and other opposition groups attempted to rebuild their organizations and their ties to each other, although with mixed success. On February 26, 1998, then Secretary of State Madeleine Albright testified to a Senate Appropriations subcommittee that it would be "wrong to create false or unsustainable expectations" about what U.S. support for the opposition could accomplish.

Iraq's obstructions of U.N. weapons of mass destruction (WMD) inspections during 1997-98 led to growing congressional calls for overthrowing Saddam Hussein. A formal congressional push for a regime change policy began with a FY1998 supplemental appropriation (P.L. 105-174, signed May 1, 1998) that, among other provisions, earmarked \$5 million in Economic Support Funds (ESF) for the opposition and \$5 million for a Radio Free Iraq, under the direction of Radio Free Europe/Radio Liberty (RFE/RL). The radio service began broadcasting in October 1998, from Prague. Of the ESF, \$3 million was devoted to an overt program to coordinate and promote cohesion among the various opposition factions, and to highlighting Iraqi violations of U.N. resolutions. The remaining \$2 million was used to translate and publicize documented evidence of alleged Iraqi war crimes; the documents were retrieved from the Kurdish north, placed on 176 CD-ROM diskettes, and translated and analyzed by experts under contract to the U.S. government. In subsequent years, Congress has appropriated funding for the Iraqi opposition and for war crimes issues, as shown in the appendix. Some of the war crimes funding has gone to the opposition-led INDICT (International Campaign to Indict Iraqi War Criminals) organization for publicizing Iraqi war crimes issues.

Iraq Liberation Act

The clearest indication of congressional support for a more active U.S. overthrow effort was encapsulated in another bill introduced in 1998 – the Iraq Liberation Act (ILA, H.R. 4655, P.L. 105-338, signed into law October 31, 1998). The ILA gave the President authority to provide up to \$97 million in defense articles (and \$2 million in broadcasting funds) to opposition organizations to be designated by the Administration. The Act's passage was widely interpreted as an expression of congressional support for the concept, advocated by INC chairman Ahmad Chalabi and some U.S. experts, such as General Wayne Downing, to promote an insurgency by using U.S. airpower to protect opposition-controlled enclaves. President Clinton signed the legislation despite reported widespread doubts within the Clinton Administration about the chances of success in promoting an insurgency inside Iraq. A provision of the ILA states that it should be the policy of the United States to "support efforts" to remove the regime headed by Saddam Hussein. In mid-November 1998, President Clinton publicly articulated that regime change was a component of U.S. policy toward Iraq.

The signing of the ILA and the declaration of the overthrow policy came at the height of the one-year series of crises over U.N. weapons inspections in Iraq, in which inspections were repeatedly halted and restarted after mediation by the United

Nations, Russia, and others. On December 15, 1998, U.N. inspectors were withdrawn for the final time, and a three-day U.S. and British bombing campaign against suspected Iraqi WMD facilities followed (Operation Desert Fox, December 16-19, 1998). For information on these crises, see CRS Issue Brief IB92117, Iraq: Weapons Threat, Compliance, Sanctions, and U.S. Policy.

Further steps followed Operation Desert Fox. The bombing followed In January 1999, career diplomat Frank Ricciardone was named as the State Department's "Coordinator for the Transition in Iraq," – the chief liaison with the opposition. On February 5, 1999, after consultations with Congress, the President issued a determination (P.D. 99-13) that the following organizations would be eligible to receive U.S. military assistance under the Iraq Liberation Act: the INC; the INA; SCIRI; the KDP; the PUK; the Islamic Movement of Iraqi Kurdistan (IMIK); and the Movement for Constitutional Monarchy (MCM), which is led by Sharif Ali bin al-Hussein, a relative of the Hashemite monarchs that ruled Iraq from the end of World War I until 1958. The IMIK and the MCM, in particular, are considered small movements that cannot contribute much to an overthrow effort.

In May 1999, in concert with an INC visit to Washington, the Clinton Administration announced it would draw down \$5 million worth of training and "non-lethal" defense equipment under the ILA. In late 1999, three opposition members began civil administration training at Hurlburt air base in Florida and, in June 2000, the Clinton Administration announced that another 145 oppositionists would undergo similar training. The Defense Department-run courses provided civil affairs training, including instruction in field medicine, logistics, computers, communications, broadcasting, power generation, and war crimes issues. However, the Clinton Administration asserted that the opposition was not sufficiently organized to merit U.S. provision of lethal military equipment or combat training. This restriction reflected divisions within and outside the Clinton Administration over the effectiveness and viability of the opposition, and over the potential for the United States to become militarily embroiled in civil conflict in Iraq.

Continued Debate Over Policy

During 1999-2000, U.S. efforts to rebuild and fund the opposition did not end the debate within the Clinton Administration over the regime change component of Iraq policy. In hearings and statements, several Members of both parties expressed disappointment with the Clinton Administration's decision not to give the opposition lethal military aid or combat training. Many took those decisions as an indication that the Clinton Administration was skeptical of that a renewed overthrow policy would fare better than previous such attempts. Opponents of the Clinton Administration overthrow policy maintained that the Iraqi opposition would not succeed unless backed by direct U.S. military involvement and that direct U.S. military action was risky and not justified by the threat posed by Iraq. Other critics suggested the United States focus instead on rebuilding containment of Iraq by obtaining re-entry into Iraq of the U.N. weapons of mass destruction inspectors that had been absent from Iraq since December 15, 1998.

As a reflection of continued congressional support for the overthrow effort, a provision of the FY2001 foreign aid appropriation (H.R. 4811, P.L. 106-429, signed November 6, 2000) earmarked \$25 million in ESF for “programs benefitting the Iraqi people,” of which at least: \$12 million was for the INC to distribute humanitarian aid inside Iraq; \$6 million was for INC broadcasting; and \$2 million was for war crimes issues. According to the appropriation the remaining \$5 million could be used to aid the seven groups eligible to receive assistance under the ILA. Taking note of congressional sentiment for INC distribution of aid inside Iraq, on September 29, 2000 the Clinton Administration reached agreement with the INC to provide the organization with \$4 million in FY1999 ESF (one half the total earmark available) to develop an aid distribution plan and to gather information in Iraq on Iraqi war crimes. Three days before it left office, the Clinton Administration issued a required report to Congress that noted that any INC effort to distribute aid in areas of Iraq under Baghdad’s control would be fraught with security risks to the INC, to Iraqi recipients of such aid, and to any relief distributors with which the INC contracts.⁷

Bush Administration Policy

Bush Administration policy toward Iraq changed after the September 11 terrorist attacks, even though little or no hard evidence linking Iraq to those attacks has come to light. The shift toward a more assertive policy first became clear in President Bush’s State of the Union message on January 29, 2002, when he characterized Iraq as part of an “axis of evil,” along with Iran and North Korea.

Pre-September 11 Policy

Throughout most of its first year, the Bush Administration continued most elements of Clinton Administration policy. With no immediate consensus within the new Administration on how forcefully to proceed with an overthrow strategy, Secretary of State Powell focused on strengthening containment of Iraq, which the Bush Administration said had eroded substantially in the year prior to its taking office. Secretary Powell visited the Middle East in February 2001 to enlist regional support for a so-called “smart sanctions” plan – a modification of the U.N. sanctions regime to ensure that no weapons-related technology reaches Iraq. His plan offered to alter the U.N.-sponsored “oil-for-food” program by relaxing U.N. restrictions on exports to Iraq of civilian equipment and needed non-military technology.⁸ The United States asserted that this step would alleviate the suffering of the Iraqi people. Powell, who has sometimes openly expressed skepticism about the opposition’s prospects, barely raised the regime change issue during his trip or in his March 7, 2001 testimony before the House International Relations Committee, at which he was

⁷ U.S. Department of State. *Washington File*. “Clinton Sends Report on Iraq to Congress.” January 17, 2001.

⁸ For more information on this program, see CRS Report RL30472, *Iraq: Oil For Food Program*.

questioned about Iraq.⁹ After about a year of negotiations among the Security Council permanent members, the major feature of the smart sanctions plan – new procedures that virtually eliminate U.N. review of civilian exports to Iraq – was adopted on May 14, 2002 (U.N. Security Council Resolution 1409).

Even though several senior officials had been strong advocates of a regime change policy, many of the questions about the wisdom and difficulty of that strategy that had faced previous administrations were debated in the Bush Administration.¹⁰ Aside from restating the U.S. policy of regime change, the Bush Administration said and did little to promote that outcome throughout most of its first year. During his confirmation hearings as Deputy Secretary of Defense, a reported strong advocate of overthrow, Paul Wolfowitz, said that if there were a real option to overthrow Saddam Hussein, “I would think it was worthwhile,” although he also stated that he did not yet see a “plausible plan” for changing the regime. Like its predecessor, the Bush Administration declined to provide the opposition with lethal aid, combat training, or a commitment of direct U.S. military help. It eliminated the separate State Department position of “Coordinator for the Transition in Iraq,” further casting doubt on its enthusiasm for the overthrow strategy. On February 2, 2001, the Bush Administration confirmed that, shortly after President Bush took office, the Treasury Department’s Office of Foreign Assets Control (OFAC) granted the INC a license to proceed with only the information gathering portion of the humanitarian aid distribution plan, thereby withholding U.S. backing for the INC plan to rebuild its presence inside Iraq.

Many in Congress, on the other hand, continue to support the INC as the primary vehicle for achieving regime change. Partly in deference to congressional sentiment, according to several observers, the Bush Administration continued to expand its ties to the INC despite doubts about its capabilities. In August 2001, the INC began satellite television broadcasts into Iraq, from London, called Liberty TV. The station was funded by the ESF aid appropriated by Congress, with start-up costs of \$1 million and an estimated additional \$2.7 million per year in operating costs.¹¹

Policy Post-September 11

Bush Administration policy toward Iraq became notably more assertive after September 11, stressing regime change far more than containment. Almost immediately after the U.S.-led war on the Taliban and Al Qaeda in Afghanistan began in early October 2001, speculation began building that the Administration might try to change Iraq’s regime through direct use of military force as part of a “phase two” of the war on terrorism. Some in the Administration are said to believe that Iraq might have had a connection to the September 11 attacks or the subsequent anthrax mailings. Senior U.S. officials said in September 2002 that there is evidence

⁹ Perlez, Jane. “Powell Goes on the Road and Scores Some Points.” *New York Times*, March 2, 2001.

¹⁰ One account of Bush Administration internal debates on the strategy is found in, Hersh, Seymour. “The Debate Within.” *The New Yorker*, March 11, 2002.

¹¹ Sipress, Alan. “U.S. Funds Satellite TV to Iraq.” *Washington Post*, August 16, 2001.

of Iraqi linkages to Al Qaeda, although some observers have expressed skepticism about such connections because of the ideological differences between Saddam Hussein's secular regime and Al Qaeda's Islamist character. Those who see a direct Iraqi connection tend to attach significance to official Czech accounts of a purported April 2001 meeting in Prague between September 11 hijacking leader Mohammad Atta and an Iraqi intelligence officer. Others point to recent reports that Ansar al-Islam (see above for the origins of the group) has links to the Iraqi government.¹² On the other hand, Baghdad does not control Northern Iraq and some U.S. officials, speaking on background, have said they cannot verify this report.¹³

WMD Threat Perception. Other U.S. officials maintain that Iraq's purported commitment to developing WMD – coupled with its support for terrorist groups to which Iraq might transfer WMD – constitute an unacceptable potential threat to the United States and that major U.S. military action could be justified. This view was represented in President Bush's January 29, 2002 State of the Union message, in which he named Iraq, along with North Korea and Iran, as part of an "axis of evil" against which, according to the President, the United States might act preemptively. In making a case for possible military action, senior U.S. officials have asserted a WMD threat as follows:

- ! Iraq has worked to rebuild its WMD programs in the nearly 4 years since U.N. weapons inspectors left Iraq. Defense Secretary Rumsfeld told journalists in July 2002 that Iraq was using mobile facilities to hide biological weapons research and had placed some WMD facilities underground. Some U.S. officials say it could be only a few years before Iraq develops a nuclear weapon. Some outside assessments, including a British intelligence assessment released in September 2002, say Iraq likely could not develop a nuclear weapon in less than 5 years unless it obtains fissile material or special equipment from abroad.
- ! Iraq has used chemical weapons against its own people (the Kurds) and against Iraq's neighbors (Iran). The implication of this assertion is that Iraq would not necessarily be deterred from using WMD against the United States or its allies. Others note that Iraq has not used such weapons against adversaries, such as the United States, that have the capability of destroying Iraq's government in retaliation. Under the U.S. threat of massive retaliation, Iraq did not use WMD against U.S. troops in the 1991 Gulf war. Some believe that Saddam Hussein, faced with the prospect of defeat and removal from office, might unleash Iraq's WMD capabilities against U.S. forces or against Israel as a desperate measure.
- ! The return of U.N. weapons inspectors to Iraq in November 2002, even though the return is under the expanded mandate provided for

¹² Goldberg, Jeffrey. "The Great Terror." *The New Yorker*, March 25, 2002.

¹³ "U.S. Uncertain About Northern Iraq Group's Link to Al Qaeda." *Dow Jones Newswire*, March 18, 2002.

in Resolution 1441 (November 8, 2002), will not likely ensure that Iraq is free of WMD. According to the Administration, Iraq is not volunteering information about its alleged WMD programs, and it will likely eventually obstruct new inspections to prevent the inspectors from discovering Iraq's WMD programs. Iraq's December 7, 2002 required declaration reportedly denies Iraq possesses WMD and the Administration reportedly might announce that the declaration is a material breach of Resolution 1441. Some outside experts, including former UNSCOM Chairman Rolf Ekeus, counter that inspections, even if not fully unfettered, would suppress Iraq's ability to reconstitute its WMD. Those taking this position maintain that the inspections (1991-1998) accounted for and dismantled a large portion of Iraq's WMD programs, although substantial uncertainties remain about Iraq's production of VX nerve agent, remaining chemical munitions, and the biological weapons Iraq produced.

Regime Change Scenarios. The Administration has somewhat downplayed the goal of regime change since President Bush's September 12, 2002 speech before the United Nations General Assembly, in which he focused on enforcing U.N. resolutions that require Iraqi disarmament. The Administration is demanding complete disarmament by Iraq under Resolution 1441. However, the more active Administration engagement with the opposition since mid-2002 suggests that the Administration is working actively toward the regime change goal, whether or not there is major military action against Iraq.

Since mid-2002, the Administration has tried to broaden the Iraqi opposition and build up its capabilities. In particular, the Administration has been expanding its ties to Shiite Islamist groups and to groups composed of ex-military and security officers, as well as to some ethnic-based groups. Some view the outreach to non-INC figures, particularly ex-military officers, as a signal that the Bush Administration might be considering returning to the "coup strategy" pursued on several occasions in previous administrations. The groups and individuals with which the Bush Administration has had increasing contact with include the following:

- ! Iraqi National Movement. It formed in 2001 as an offshoot of the INC. Its leaders include ex-senior military officer Hassan al-Naqib (who was part of an early leadership body of the INC); Hatim Mukhlis, who claims support of some in Saddam's Tikriti clan; and ex-senior military officer Khalid al-Ubaydi.
- ! Iraqi National Front. Another grouping of ex-military officers, founded in March 2000 by Tawfiq al-Yasseri. Yasseri, a Shiite Muslim ex-military officer, headed Iraq's military academy and participated and was wounded in the anti-Saddam uprisings immediately following the 1991 Gulf war.
- ! Iraqi Free Officers and Civilians Movement. Established in 1996 by ex-military officer Najib al-Salhi. This group works closely with the

INC. Salhi defected in 1995 after serving as commander of several tank units in the Republican Guard and regular military.

- ! Higher Council for National Salvation. Based in Denmark, it was formally established on August 1, 2002. It is headed by Wafiq al-Samarra'i, a former head of Iraqi military intelligence. Ex-chief of staff of Iraq's military (1980-1991) Nizar al-Khazraji, who is based in Denmark since fleeing Iraq in 1996, may also be a member. (Khazraji was placed under house arrest by Danish officials in late November 2002 after saying he wanted to leave Denmark. He is under investigation there for alleged involvement in Iraq's use of chemical weapons against the Kurds in 1988.)
- ! Iraqi Turkmen Front. A small, ethnic Turkomen-based grouping, generally considered aligned with Turkish policy on Iraq. Turkomens number about 350,000 and live mainly in northern Iraq.
- ! The Islamic Accord of Iraq. Based in Damascus, this is another Shiite Islamic Party, but it is considered substantially less pro-Iranian than SCIRI or the Da'wa Party (see above), other Shiite Islamic parties with which the Administration has had contact. The Islamic Accord is headed by Jamil Wakil. Many Accord members are followers of Ayatollah Shirazi, an Iranian cleric who was the spiritual leader of a group called the Islamic Front for the Liberation of Bahrain (IFLB), which attempted to destabilize Bahrain in the early 1980s.
- ! The Assyrian Democratic Movement, an ethnic-based movement headed by Secretary-General Yonadam Yousif Kanna. Iraq's Assyrian community is based primarily in northern Iraq. There is a strong diaspora presence in the United States as well. After building ties to this group over the past year, the Bush Administration formally began incorporating the Assyrian Democratic Movement into its meetings with the Iraqi opposition in September 2002.

On December 9, the Bush Administration named six of the above factions (all except the Higher Council for National Salvation) as "democratic opposition organizations" eligible to receive drawdowns under the ILA. The Bush Administration has applauded recent efforts by these groups to hold meetings to coordinate with each other and with the INC and other groups. One such meeting, in July 2002 in London and jointly run with the INC, attracted over 70 ex-military officers.

Some believe the United States might use these groups to pursue covert overthrow options independent of any decision to use military force against Iraq, and whether Iraq or not Iraq fully implements what is required of it under Resolution 1441. On June 16, 2002, the *Washington Post* reported that, in early 2002, President Bush authorized stepped up covert activities by the CIA and special operations forces to destabilize Saddam Hussein. In early August 2002, the State and Defense Departments jointly invited six major opposition groups – the INC, the INA, the

KDP, the PUK, SCIRI, and the MCM – to Washington for meetings with senior officials, including a video link to vacationing Vice President Cheney. The meetings were held to show unity within the opposition and among different agencies of the U.S. government, which have tended to favor different opposition groups. In advance of the visit, the Defense Department agreed to fund the information gathering portion of the INC's activities; the State Department had refused to fund those activities, which are conducted inside Iraq, because of strains between the INC and other opposition groups and questions about INC use of U.S. funds.

On December 9, 2002, President Bush issued a determination to draw down the remaining \$92 million in defense articles and services authorized under the Iraq Liberation Act for the INA, the INC, the KDP, the PUK, SCIRI, and the MCM “and to such other Iraqi opposition groups designated by me under the Act before or after this determination.” This latter phrase suggested that some of the draw downs might go to the six groups designated - also on December 9 - as eligible to receive ILA draw downs (see above). The announcement appeared to be part of reported plan to train about 5,000 oppositionists in tasks that could assist U.S. forces, possibly including combat units.¹⁴ Very few observers within or outside the Administration believe that military or covert action by the opposition alone will bring about a change of regime, considering Saddam Hussein's strong grip on the military, the security service, and Iraq's ruling Ba'ath Party.

On December 13, 2002, with informal U.S. backing, major Iraqi opposition groups will hold a conference in London; it had been postponed several times and had trouble finding a venue. The conference, organized by the same six groups whose leaders visited Washington in August 2002 (see above) but that will include other groups as well, will likely discuss whether the opposition should declare a provisional government. The Administration reportedly opposes that step on the grounds that it is premature and would give the impression that outside powers are determining Iraq's political structure. Belgium refused to host it in November 2002, primarily because Resolution 1441 emphasizes disarmament and does not call for regime change.

Should Iraq fail to disarm, more assertive scenarios for regime change that might be pursued by the Administration, in broad outlines, include the following:

- ! “Special Forces” Model. Several press reports indicate that some in the Administration believe that the military operations that brought down the Taliban in Afghanistan could easily be replicated in Iraq to depose Saddam Hussein.¹⁵ According to most versions of this scenario, U.S. special operations forces would work overtly with the Iraqi opposition to seize territory in Iraq and precipitate the downfall of the regime. Critics of this approach maintain that the Iraqi military (about 400,000 personnel, or ten times the size of that of the

¹⁴ Deyoung, Karen, and Daniel Williams. “Training of Iraqi Exiles Authorized.” *Washington Post*, October 19, 2002.

¹⁵ Slavin, Barbara. “U.S. Examining Options to Deal With Hussein.” *USA Today*, February 12, 2002.

Taliban in Afghanistan) is too large to give this scenario a good chance of success.

- ! Major Offensive. Press accounts indicate that most U.S. military planners believe that the overthrow of Saddam Hussein by the U.S. military, while achievable, would require a major U.S. military effort. Press reports say senior military officers believe a force of 250,000 or more U.S. troops would be needed to ensure success and to minimize U.S. casualties. According to press reports, senior military officers want to ensure overwhelming U.S. military superiority to be certain of defeating Iraqi counterattacks. However, the larger the force, the more the requirement for basing and infrastructure in neighboring countries, thus making this scenario dependent, to an extent, on regional support for a U.S. offensive. Some regional leaders have voiced support for a U.S. offensive if the United Nations authorizes force against Iraq or if Iraq is clearly defiant of its obligations under Resolution 1441. However, regional support has been grudging and has generally followed substantial U.S. prodding, according to most observers.
- ! Smaller Offensive. Because of the need for regional cooperation, which might be difficult to obtain, press accounts indicate that some U.S. officials are pushing for a plan involving a smaller force of about 80,000-100,000, backed by air power. A smaller force would require fewer regional staging bases and could deploy to the region more rapidly than a larger force. Some senior military officials, reportedly including commander of U.S. Central Command Gen. Tommy Franks, are said to be concerned that this plan could involve too few troops to be sure of defeating Iraq in and around major cities. One version of this plan reportedly involves attacking Baghdad first to destabilize the regime and then gain control of the rest of Iraq.

A major issue in the debate over any military plan appears to be over whether Iraq's military would quickly unravel or rebel against Saddam Hussein in the face of U.S. military action or whether it would fight hard to defend the regime. Some maintain that Iraqi forces would likely defect or surrender in large numbers, as happened in the 1991 Gulf war, when faced with a militarily superior force. Others contrast the current situation with the 1991 war and argue that Iraqi forces would hold together and fight fiercely because they are defending Iraq itself, not an occupation of Kuwait. Some believe the Iraqi military would quickly retreat into urban areas and hope to inflict large numbers of casualties on American forces. (For further discussion of the pros and cons of military action against Iraq, see CRS Report RS21325, *Iraq: Divergent Views on Military Action*.)

Another major issue is that of the character of the regime that would replace the current one. The Administration asserts that, if it takes military action and ousts the government of Saddam Hussein, it will do what is necessary to bring about a stable, democratic successor regime that complies with all applicable U.N. resolutions. However, the same concerns about fragmentation of and instability in Iraq that

existed in prior years are present in the current debate over regime change. Some observers believe that the Bush Administration would accept a replacement of Saddam Hussein by a military or Ba'th Party figure who is not necessarily committed to democracy but would comply with applicable U.N. resolutions. The Bush Administration has not said how it might react if Saddam were to try to resolve the crisis by ceding power to one of his sons or longtime associates on the Revolutionary Command Council (RCC). (The RCC, chaired by Saddam, is Iraq's highest governing body.) Over the past 3 years, Saddam has given his younger son Qusay increasing authority over key security bodies and he has been rising in the Ba'th Party structure as well. Saddam's elder son Uday controls some media organs but is considered hot-headed and impulsive. Other candidates for succession include Vice Chairman of the RCC Izzat Ibrahim and first Vice President Taha Yasin Ramadan.

The Administration is planning for a post-Saddam regime. It is running a \$5 million "Future of Iraq" project in which Iraqi exiles are meeting in working groups to address issues that will confront a successor government. The working groups in phase one of the project have discussed (1) transitional justice; (2) public finance; (3) public and media outreach; (4) democratic principles; (5) water, agriculture, and the environment; (6) health and human services; and (7) economy and infrastructure. Phase two, which reportedly will begin soon, includes working groups on (1) education; (2) refugees, internally-displaced persons, and migration policy; (3) foreign and national security policy; (4) defense institutions and policy; (5) free media; (6) civil society capacity-building; (7) anti-corruption measures; and (8) oil and energy.

War Crimes. An issue related to regime change but somewhat separate is whether Saddam Hussein and his associates should be prosecuted for war crimes and, if so, whether that should be pursued while Saddam is still in power. The Administration reportedly has decided that, if there is U.S. military action that overthrows Saddam, that he and his inner circle would be tried in Iraq. The Administration is gathering data for a potential trial of Saddam and 12 of his associates. Those reportedly to be sought for trial include Saddam; his two sons Uday and Qusay; Ali Hassan al-Majid, for alleged use of chemicals against the Kurds; Muhammad Hamza al-Zubaydi; Taha Yasin Ramadan; first Vice President and number three in the regime; Izzat Ibrahim, Vice Chairman of the Revolutionary Command Council and formally number two in the regime; Barzan al-Tikriti, Saddam's half brother; Watban al-Tikriti and Sabawi al-Tikriti, both other half brothers of Saddam and former leaders of regime intelligence bureaus; Tariq Aziz, deputy Prime Minister and foremost regime spokesman; and Aziz Salih Noman, governor of Kuwait during Iraq's occupation of that country. (See also CRS Issue Brief IB92117, *Iraq: Weapons Threat, Compliance, Sanctions, and U.S. Policy.*)

Containment/Deterrence. Some analysis suggests that the Administration might decide not to use military force to change Iraq's regime or reduce its WMD capabilities. Some Members of Congress, some outside experts, and reportedly many senior military leaders believe Iraq is currently well contained by sanctions and the U.S./British enforced no-fly zones and that, as long as Iraq continues to cooperate with U.N. weapons inspections under Resolution 1441, there is no need for immediate military action against Iraq. Others believe that, even if Iraq were to acquire major new WMD capabilities, it could be deterred by U.S. overall strategic

superiority, presumably including the U.S. nuclear arsenal. Although skeptical that Iraq will continue to allow full and unfettered U.N. weapons inspections, the Administration has said since September 2002 that war might be avoided if Iraq does fully comply with Resolution 1441 and voluntarily disarms and discloses all its WMD capabilities.

Congressional Reactions

Congress, like the Administration, appears to have divergent views on the mechanisms for promoting regime change, although there appears to be widespread agreement in Congress that regime change is desirable and an appropriate U.S. policy. However, there is substantial disagreement over whether a major military offensive is the most desirable option for achieving that objective. On December 20, 2001, the House passed H.J.Res. 75, by a vote of 392-12, calling Iraq's refusal to readmit U.N. weapons inspectors a "mounting threat" to the United States. The resolution did not call for new U.S. steps to overthrow Saddam Hussein but a few Members called for the overthrow of Saddam Hussein in their floor statements in support of the resolution.

In early 2002, prior to the intensified speculation about possible war with Iraq, some Members expressed support for increased aid to the opposition. In a joint appearance with Senate Foreign Relations Committee Chairman Joseph Biden on Cable News Network on February 17, 2002, House International Relations Committee Chairman Henry Hyde said that "...supporting the underground, the opposition, the internal opposition, is to me the procedure of choice. That is an option that is being worked on. All of these options are under consideration." In early December 2001, a bipartisan group of nine Members – Senators John McCain, Jesse Helms, Richard Shelby, Sam Brownback, Joseph Lieberman, and Trent Lott and Representatives Henry Hyde, Benjamin Gilman, and Harold Ford Jr. – wrote to President Bush to urge that U.S. assistance be provided to the INC for operations inside Iraq itself. According to the letter,

Despite the express wishes of the Congress, the INC has been denied U.S. assistance for any operations inside any part of Iraq, including liberated Kurdish areas. Instead, successive Administrations have funded conferences, offices and other intellectual exercises that have done little more than expose the INC to accusations of being "limousine insurgents" and "armchair guerrillas."

As discussion of potential military action has increased, Members debated the costs and risks of an all-out U.S. effort to achieve that result. Congress adopted H.J.Res. 114, authorizing the President to use military force against Iraq if he determines that doing so is in the national interest and will enforce U.N. Security Council resolutions on Iraq. The measure passed the House on October 11, 2002 by a vote of 296-133, and the Senate the following day by a vote of 77-23. The legislation was signed into law on October 16, 2002 (P.L. 107-243).

Appendix. U.S. Assistance to the Opposition

Appropriated Economic Support Funds (E.S.F.) to the Opposition

(Figures in millions of dollars)

	INC	War Crimes	Broadcasting	Unspecified Opposition Activities	Total
FY 1998 (P.L. 105-174)		2.0	5.0 (RFE/RL)	3.0	10.0
FY 1999 (P.L. 105-277)	3.0	3.0		2.0	8.0
FY 2000 (P.L. 106-113)		2.0		8.0	10.0
FY 2001 (P.L. 106-429)	12.0 (aid distribution inside Iraq)	2.0	6.0 (INC radio)	5.0	25.0
FY 2002 (P.L. 107-115)				25.0	25.0
Total, FY1998- FY 2002	15.0	9.0	11.0	43.0	78.0
FY2003 (request)				25.0	25.0

Notes: The figures above do not include defense articles and services provided under the Iraq Liberation Act. During FY1999-FY2000, approximately \$5 million worth of services, out of the \$97 million authorized by the Act, was provided to the opposition. The figures provided above also do not include any covert aid provided, the amounts of which are not known from open sources. In addition, during each of FY2001 and FY2002, the Administration has donated \$4 million to a “U.N. War Crimes Commission” fund, to be used if a war crimes tribunal is formed. Those funds were drawn from U.S. contributions to U.N. programs.

Issue Brief for Congress

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Iraq: Weapons Threat, Compliance, Sanctions, and U.S. Policy

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Iraq: Weapons Threat, Compliance, Sanctions, and U.S. Policy

SUMMARY

In recent years, the United States has been unable to maintain an international consensus for strict enforcement of all applicable U.N. Security Council resolutions on Iraq, but it has largely succeeded in preventing Iraq from reemerging as an immediate strategic threat to the region. In the wake of the September 11 attacks, there is heightened U.S. concern about the potential threat posed by Iraq's weapons of mass destruction programs and alleged ties to terrorist groups, and the Bush Administration has said it will confront that potential threat, even if it has to act militarily and without formal U.N. authorization.

The Administration is employing a number of tactics to reduce the threat posed by Iraq, including international sanctions and diplomacy, reported covert action, and preparations for possible military action. Changing Iraq's regime, which the Administration says remains a U.S. goal, is not openly supported by many other governments, particularly if it involves major military action. However, many governments support U.S. action through the United Nations to enforce Security Council resolutions requiring Iraqi disarmament of its mass destruction weapons (WMD) programs, and the Bush Administration appears to be tailoring its policy to that objective.

Part of the debate over U.S. policy centers on whether Iraq's WMD programs can be ended through a reintroduction of U.N. weapons inspectors. During 1991-1998, a

U.N. Special Commission on Iraq (UNSCOM) made considerable progress in dismantling and monitoring Iraq's but was unable to finish verifying Iraq's claim that it has destroyed all its WMD or related equipment. Iraq's refusal of full cooperation with UNSCOM eventually prompted U.S.-British military action in December 1998. All inspectors withdrew and Iraq has been unmonitored since, leaving uncertainty as to the degree to which Iraq has rebuilt its WMD programs.

On November 10, 1994, as required, Iraq accepted the U.N.-designated land border with Kuwait (confirmed by Resolution 833) as well as Kuwaiti sovereignty. Iraq has failed to detail the fate of more than 600 Kuwaitis still missing from the war and has not returned all Kuwaiti property taken. Iraq initially rejected a 1991 U.N.-sponsored "oil-for-food" program to address humanitarian needs, but it later accepted a revised version of that plan, operational since December 1996.

Iraq is deemed non-compliant in other areas, especially human rights issues. A U.S.-led no-fly zone has provided some protection to Kurdish northern Iraq since April 1991. Since August 1992, a no-fly zone has been enforced over southern Iraq, where historically repressed Iraqi Shiites are concentrated. The zone was expanded in August 1996, but Iraq nonetheless maintains a substantial ground presence in the south. Iraq has openly challenged both no-fly zones since December 1998.

MOST RECENT DEVELOPMENTS

In a September 12 speech before the United Nations, President Bush implied that U.S. military action would be taken against Iraq if the United Nations did not disarm Iraq. On October 11, Congress completed passage of legislation (H.J.Res.114, P.L. 107-243) authorizing the President to use force against Iraq. On November 8, the Security Council unanimously adopted Resolution 1441, giving U.N. weapons inspectors new authorities. Iraq reluctantly accepted the new resolution and an advance team of inspectors began work in Iraq on November 18. On December 7, Iraq handed over a 12,000 page required “complete and currently accurate” declaration of all its past WMD programs and WMD useful capabilities, reportedly stating it currently has no banned WMD programs.

BACKGROUND AND ANALYSIS

U.N. Security Council **Resolution 678** (November 29, 1990) authorized the use of force to expel Iraq from Kuwait. After the war (January 16 - February 28, 1991), a ceasefire was declared in Security Council **Resolution 686** (March 2, 1991). The primary ceasefire resolution is Security Council **Resolution 687** (April 3, 1991), requiring Iraq – in return for a graduated easing of sanctions – to end its weapons of mass destruction programs, recognize Kuwait, account for missing Kuwaitis, return Kuwaiti property, and end support for terrorism. Iraq accepted the resolution. Iraq is required by **Resolution 688** (April 5, 1991) to end repression of its people. In forty reviews (at 60-day intervals) of Iraqi compliance from the end of the Gulf war in 1991 until August 20, 1998, the U.N. Security Council maintained the comprehensive international sanctions on Iraq’s imports and exports imposed by Security Council Resolution 661 (August 6, 1990). (See CRS Report RL30472, *Iraq: Oil-for-Food Program*; and CRS Report RL31339, *Iraq: U.S. Efforts to Change the Regime*.)

Weapons of Mass Destruction (WMD)

During 1991-1998, a U.N. Special Commission (UNSCOM) and the International Atomic Energy Agency (IAEA) attempted to verify that Iraq had ended all its prohibited WMD programs and to establish a long-term monitoring program of WMD facilities (**Resolution 715**, October 11, 1991). The monitoring program, accepted by Iraq in November 1993, consisted of visitations and technical surveillance of about 300 sites. Under **Resolution 1051** (March 27, 1996), UNSCOM inspected (at point of entry and at end-use destination) Iraq’s imports of any dual use items.

Confrontations over access to suspected WMD sites began almost as soon as UNSCOM began operations in April 1991, prompting adoption of **Resolution 707** (August 15, 1991) requiring unfettered access to all sites and disclosure by Iraq of all its WMD suppliers. During March 1996 - October 1997, Iraq impeded inspectors from entering Iraqi security service and military facilities, and it interfered with some UNSCOM flights. These actions, which were not resolved by a March 1996 side agreement between UNSCOM and Iraq governing pre-notification of inspections of defense and security sites, prompted **Resolution 1060** (June 12, 1996) and other Council statements (such as on June 13, 1997) demanding Iraqi cooperation. **Resolution 1115** (June 21, 1997) threatened travel restrictions

against Iraqi officials committing the infractions, and **Resolution 1134** (October 23, 1997) again threatened a travel ban and suspended sanctions reviews until April 1998.

1997-1998 Crises. Six days after that vote, Iraq barred American UNSCOM personnel from conducting inspections, and on November 13, 1997, it expelled the Americans. **Resolution 1137** (November 12, 1997), imposed travel restrictions on Iraqi officials. (On November 13, 1997, the House adopted H.Res. 322, backing unilateral U.S. military action as a last resort. The Senate did not act on a similar resolution, S.Con.Res. 71, because some Senators wanted it to call for the United States to overthrow Saddam Hussein.) In November 1997 and February 1998, Russia and U.N. Secretary General Kofi Annan, respectively, brokered temporary compromises that enabled UNSCOM to resume inspections. The February 23, 1998 U.N.-Iraq agreement provided for access to eight “presidential sites” by UNSCOM inspectors and diplomatic observers. Security Council **Resolution 1154** (March 2, 1998) accepted that agreement, threatening “the severest consequences” if Iraq reneged. Iraq allowed presidential site inspections (1,058 buildings) during March 26-April 3, 1998, the travel ban on Iraqi officials was lifted, and sanctions reviews resumed.

Iraq subsequently refused to implement an UNSCOM plan for completing its work and, in August 1998, barred UNSCOM from inspecting previously inspected facilities. The Senate and House passed a resolution, S.J.Res. 54 (P.L. 105-235, signed August 14, 1998), declaring Iraq in “material breach” of the ceasefire. The Security Council adopted **Resolution 1194** (September 9, 1998) demanding full unfettered inspections access and suspending sanctions reviews. On October 30, 1998, the Security Council offered an easing of sanctions if Iraq fulfilled WMD and other outstanding requirements, but Iraq demanded an immediate end to sanctions and it ceased cooperation with UNSCOM (but not the IAEA). The U.N. Security Council adopted **Resolution 1205** (November 5, 1998), deeming the Iraqi action a “flagrant violation” of the February 1998 U.N.-Iraq agreement. On November 14, 1998, with the United States about to launch airstrikes, Iraq pledged cooperation, averting airstrikes but prompting President Clinton to openly declare a U.S. policy of regime change.

Operation Desert Fox and Aftermath. After a month of testing Iraq’s cooperation, UNSCOM said on December 15, 1998 that Iraq refused to yield known WMD-related documents and that it was obstructing inspections. All inspectors withdrew and a 70-hour U.S. and British bombing campaign followed (Operation Desert Fox, December 16-19, 1998), directed against Iraqi WMD-capable facilities and military and security targets. After almost one year of negotiations, the Security Council adopted **Resolution 1284** (December 17, 1999) by a vote of 11- 0 (Russia, France, China, and Malaysia abstained), providing, subject to a vote of the Security Council, for the suspension of most sanctions if Iraq “fully cooperates” with a new WMD inspection body (UNMOVIC, U.N. Monitoring, Verification and Inspection Commission). The resolution calls for inspectors to determine within 60 days of reentering Iraq what WMD elimination tasks remain. Under Resolution 1284, Iraq’s revenues would be subject to undefined financial controls, exports of dual use items to Iraq would still require U.N. approval, and arms exports would remain banned. In January 2000, the Security Council selected as head of UNMOVIC former IAEA director Hans Blix, who developed an organizational plan and reported in August 2000 that UNMOVIC was ready to begin activities in Iraq. In the absence of Iraq’s agreement to resume on-the-ground inspections, UNMOVIC staff of 63 – all employees of the United Nations and not their individual governments – reviewed documents and imagery, interviewed informants, and

reviewed civilian contracts for goods purchased by Iraq to determine whether certain items (“Goods Review List” items) are not included. Such items are subject to review.

“Axis of Evil” and U.S. Policy. Amid a growing debate over whether to expand the post-September 11 “war on terrorism” to Iraq, based partly on fears that Iraq could provide WMD to terrorist groups, on November 26, 2001, and again in his January 29, 2002 State of the Union message, President Bush threatened unspecified action against Iraq to prevent its re-emergence as a threat. In the latter speech he described Iraq as part of an “axis of evil” along with Iran and North Korea, and he continued to say that U.S. policy is to change Iraq’s regime. One month prior to the State of the Union speech, the House passed H.J.Res. 75 on December 20, 2001, by a vote of 392-12. The resolution called Iraq’s refusal to readmit U.N. inspectors a “material breach” of its international obligations and a mounting threat to peace and security. The resolution, not taken up in the Senate, did not explicitly authorize U.S. military action.

The Administration’s renewed call for a change of regime was predicated on the assertion that Iraq is rebuilding banned WMD capabilities that, based on Saddam Hussein’s record, Iraq might use against the United States directly or against U.S. allies and friends. Defense Secretary Rumsfeld said in late July 2002 that Iraq is rebuilding biological capabilities in mobile vehicles and is building some WMD facilities underground. Similar assertions were made in a British intelligence assessment, released by Prime Minister Blair on September 24, 2002, and a CIA assessment, released in October 2002. These assessments say Iraq has reconstituted its WMD programs, particularly its biological program, although the assessments do not indicate that Iraq has made any major nuclear weapons breakthroughs since inspections ended in 1998. The British dossier said Iraq had tried to buy fissile material from “Africa,” that Iraq could deploy chemical weapons against its internal opponents within 45 minutes of an order to do so, and that it is developing missiles with ranges of up to 1,000 km. There are allegations of illicit Iraqi imports of conventional military equipment, including from Belarus, Ukraine, and the former Yugoslavia, possibly shipped through Syria.

Resolution 1441. After an internal debate, the Administration decided to work through the United Nations Security Council to force Iraq to eliminate its suspected WMD. In a September 12, 2002 speech before the United Nations, President Bush implicitly threatened U.S. military action, unilateral if necessary, if the United Nations did not enforce existing resolutions on Iraq. Iraq, seeing international support for the President’s decision to take the Iraq issue to the United Nations, pledged on September 16 to admit UNMOVIC inspectors without conditions, reversing a position taken during several meetings with the United Nations in 2002: March 7, May 1-3, and July 4-5 (in Vienna). On October 1, 2002, Iraq and UNMOVIC reached agreement on practical arrangements for new inspections, although inspections of presidential sites would still be subject to the February 1998 side agreement with Secretary General Annan. The Bush Administration called the agreement insufficient and insisted on a new Security Council resolution specifying consequences if Iraq does not fully comply and enhancing inspection authorities.

In debate on a new resolution, France and Russia opposed authorizing force without a second vote of the Council. As U.N. negotiations continued, on October 11 Congress completed work on a resolution (H.J.Res. 114, P.L. 107-243) authorizing the use of U.S.

armed forces against Iraq. After several weeks of negotiations, on November 8, 2002 the Security Council unanimously adopted Resolution 1441, with the following key provisions:

- (1) declaring Iraq in material breach of pre-existing resolutions;
- (2) giving Iraq 7 days to accept the resolution and 30 days (until December 8) to provide a full declaration of all WMD programs;
- (3) requiring new inspections to begin within 45 days (December 23) and an interim progress report within 60 days thereafter (no later than February 21, 2003);
- (4) declaring all sites, including presidential sites, subject to unfettered inspections;
- (5) giving UNMOVIC the right to interview Iraqis in private, including taking them outside Iraq, and to freeze activity at a suspect site;
- (6) forbidding Iraq from taking hostile acts against any country upholding U.N. resolutions, a provision that would appear to cover Iraq's defiance of the "no fly zones;" and
- (7) giving UNMOVIC the authority to report Iraqi non-compliance and the Security Council as a whole the opportunity to meet to consider how to respond to Iraqi non-compliance.

Iraq accepted the resolution on November 13 in a defiant letter. Blix and an advance team of inspectors landed in Iraq on November 18 to re-establish UNMOVIC facilities, and inspections began on November 27, initially focusing on sites previously visited or dismantled in the 1991-1998 inspections process. Press reports say the inspectors have received full access thus far. On December 7, one day before the deadline of Resolution 1441, Iraq submitted its declaration of its past WMD programs and WMD-useful capabilities. The Bush Administration and the U.N. inspectors are analyzing the declaration. The Bush Administration has said that simultaneous Iraqi statements that Iraq has no banned WMD programs does not comport with the U.S. belief based on intelligence but that it would fully analyze the declaration.

President Bush has said the United States will have "zero tolerance" for Iraqi non-compliance, making U.S. military action against Iraq still a possibility. Press reports have discussed various reported war plans, some outlining a large ground offensive, while others report plans for a targeted attack on Baghdad intended to quickly remove Iraq's leadership. To varying degrees, European and Arab governments, as well as Turkey, have indicated opposition to unilateral U.S. military action, although they indicate they might be supportive if the United Nations authorized force.

The following summarizes the results of previous inspection missions in Iraq and outstanding issues.

Nuclear Program

During 1991-1994, despite Iraq's initial declaration that it had no nuclear weapons facilities or unsafeguarded material, UNSCOM/IAEA uncovered and dismantled a previously-undeclared network of about 40 nuclear research facilities, including three clandestine uranium enrichment programs (electromagnetic, centrifuge, and chemical isotope separation) as well as laboratory-scale plutonium separation program. Inspectors found and dismantled (in 1992) Iraq's clandestine nuclear weapons development program, and they found evidence of development of a radiological weapon ("dirty bomb"), which scatters nuclear material without an explosion. No radiological weapon was ever completed, but Iraq might have tested such a device. UNSCOM removed from Iraq all discovered nuclear

reactor fuel, fresh and irradiated. Following the defection of Hussein Kamil (Saddam's son-in-law and former WMD production czar) in August 1995, Iraq revealed it had launched a crash program in August 1990 to produce a nuclear weapon as quickly as possible by diverting fuel from its reactors for a nuclear weapon. The IAEA report of December 1, 1995 said that, if Iraq had proceeded with its crash program, Iraq might have produced a nuclear weapon by December 1992.

The IAEA, before it ceased work in Iraq, said that Iraq's nuclear program had been ended and that it had a relatively complete picture of Iraq's nuclear suppliers. A May 15, 1998 Security Council statement reflected a U.S.-Russian agreement to close the nuclear file if Iraq cleared up outstanding issues (nuclear design drawings, documents, and the fate of some nuclear equipment). An IAEA report of July 1998 indicated that some questions still remained, and the United States did not agree to close the file. In January 2002, as it has in each of the past 3 years, IAEA inspectors verified that several tons of uranium remained sealed, acting under Iraq's commitments under the 1968 Nuclear Nonproliferation Treaty. In May 2000, the IAEA destroyed a nuclear centrifuge that Iraq had stored in Jordan in 1991.

The IAEA says that the absence of an inspections program creates uncertainty about Iraqi nuclear activities. The United States believes that Iraq retains the expertise (about 7,000 scientists and engineers) and intention to rebuild its nuclear program, and Administration officials have asserted it is doing so. Some press reports indicate Iraq has recently tried to buy equipment abroad that could be used to make weapons grade nuclear material. On September 6, 2002, the *New York Times* reported that IAEA/UNMOVIC inspectors have noted from commercial satellite photos construction and other alterations at some Iraqi nuclear-related sites that could suggest banned nuclear activity by Iraq. The CIA assessment, mentioned above, says that Iraq would likely not be able to produce a nuclear weapon until the latter half of the decade, unless it acquires fissile material from abroad.

Chemical Weapons

UNSCOM destroyed all chemical weapons materiel uncovered — 38,500 munitions, 480,000 liters of chemical agents, 1.8 million liters of precursor chemicals, and 426 pieces of production equipment items — and the destruction operation formally ended on June 14, 1994. However, the fate of about 31,600 chemical munitions, 550 mustard gas bombs, and 4,000 tons of chemical precursors, remains unknown. Iraq refused to yield an Air Force document, found in July 1998 by UNSCOM, that could explain their fate, although Iraq allowed UNSCOM to take notes from it. In February 1998 UNSCOM discovered that shells taken from Iraq in 1996 contained 97% pure mustard gas, indicating it was freshly produced.

The primary remaining chemical weapons questions center on VX nerve agent, which Iraq did not include in its initial postwar declarations and of which no stockpile was ever located. By 1995 UNSCOM had uncovered enough circumstantial evidence to force Iraq to admit to producing about 4 tons of VX, but UNSCOM believed that Iraq had imported enough precursor — about 600 tons — to produce 200 tons of the agent. In late June 1998, UNSCOM revealed that some unearthed missile warheads, tested in a U.S. Army lab, contained traces of VX, contradicting Iraq's assertions that it had not succeeded in stabilizing the agent. Separate French and Swiss tests did not find conclusive evidence of VX. About 170 chemical sites were under long-term monitoring. Iraq has not signed the Chemical

Weapons Convention that took effect April 29, 1997. The CIA assessment says Iraq has renewed chemical weapons production and probably stocked a few hundred tons of agent.

Biological Weapons

Biological weapons is the area with more outstanding and unresolved issues than any other weapons area, according to UNSCOM, which called Iraq's biological declarations neither credible nor verifiable. Iraq did not initially declare any biological materials, weapons, research, or facilities, and no biological weapons stockpile was ever uncovered. UNSCOM focused its investigation initially on the major biological research and development site at Salman Pak, but Iraq partially buried that facility shortly before the first inspections began. In August 1991, Iraq admitted that it had a biological weapons research program. In July 1995, Iraq modified its admission by acknowledging it had an offensive biological weapons program and that it had produced 19,000 liters of botulinum, 8,400 liters of anthrax, and 2,000 liters of aflatoxin, clostridium, and ricin. In August 1995, Iraq confessed to having produced 191 biological bombs, of which 25 were missile warheads, loaded with anthrax, botulinum, and aflatoxin for use in the Gulf war, but Iraq claims to have destroyed the bombs after the Gulf conflict. UNSCOM monitored 86 biological sites during 1994 -1998. UNSCOM discovered and dismantled the Al Hakam facility on June 20, 1996.

According to UNSCOM, Iraq imported a total of 34 tons of growth media for producing biological agents during the 1980s, of which 4 tons remain unaccounted for. UNSCOM lacked information on Iraq's development of drop tanks and aerosol generators for biological dissemination, as well as the fate of the biological munitions. No evidence linking the October 2001 anthrax-related terrorism in the United States to Iraq has been announced. White House spokespersons said in late December 2001 that the anthrax used in the attacks appeared to be from a domestic source, such as a U.S. military laboratory. Press reports in 2002 say Iraq has been developing unmanned aerial vehicles that could be used to deliver biological or chemical weapons. The October 2002 CIA assessment said that Iraq had reactivated its biological program and that most elements of the program are larger and more advanced than they were before the Gulf war.

Ballistic Missiles

U.N. Security Council Resolution 687 requires the destruction of all Iraqi ballistic missiles with a range greater than 150 kilometers. UNSCOM accounted for 817 of 819 Soviet-supplied Scud missiles, 130 of which survived the Gulf war, as well as all 14 declared mobile launchers and 60 fixed launch pads. U.S. analysts believe Iraq might be concealing as many as 12 Scud-like missiles. UNSCOM's October 1998 report said it had been able to account for at least 43 of the 45 chemical and biological (CBW) warheads Iraq said it unilaterally destroyed in 1991. (The warheads were unearthed in mid-1998.) An additional 30 chemical warheads were destroyed under UNSCOM supervision. UNSCOM also accounted for all but 50 conventional Scud warheads, and said it made progress establishing a material balance for Scud engine components. Unresolved issues include accounting for missile program documentation, 300 tons of special missile propellant, and indigenous missile production (30 indigenously-made warheads and 7 missiles).

In December 1995, after Jordan reported seizing 115 Russian-made missile guidance components allegedly bound for Iraq, UNSCOM said Iraq had procured some missile

components since 1991, a violation of sanctions. (That month, UNSCOM retrieved prohibited missile guidance gyroscopes, suitable for a 2,000 mile range missile, from Iraq's Tigris River, apparently procured from Russia's defense-industrial establishment.) UNSCOM also had evidence that Iraq, after the Gulf war, conducted secret flight tests and conducted research on missiles of prohibited ranges. Iraq is making progress in developing permitted-range missiles – the Ababil and Samoud programs – according to the January 2002 CIA report to Congress and, prior to Desert Fox, UNSCOM had been monitoring about 63 missile sites and 159 items of equipment, as well as 2,000 permitted missiles. In early May 2002, the United States presented to the U.N. Security Council evidence that Iraq is developing missiles of ranges beyond the permitted 150 km.

Human Rights/War Crimes Issues

U.S. and U.N. human rights reports since the Gulf war have repeatedly described Iraq as a gross violator of human rights. In 1994, the Clinton Administration said it was considering presenting a case against Iraq to the International Court of Justice under the 1948 Genocide Convention. U.N. Rapporteur for Iraq Max Van der Stoep's February 1994 report said that Convention might be violated by Iraq's abuses against the Shiite "Marsh Arabs" in southern Iraq, including drainage of the marshes where they live. In February 2002, Iraq allowed the U.N. human rights rapporteur for Iraq, Andreas Mavromatis of Cyprus, to visit Iraq, the first such visit since 1992. On October 20, 2002, Saddam Hussein granted an amnesty and released virtually all prisoners in Iraq, calling the move gratitude for his purported "100%" victory in a referendum on his leadership on October 15, 2002.

War Crimes Trial. U.N. Security Council Resolution 674 (October 29, 1990) calls on all states or organizations to provide information on Iraq's war-related atrocities to the United Nations. The Foreign Relations Authorization Act for FY1992, (P.L. 102-138, October 28, 1991, section 301) stated the sense of Congress that the President should propose to the U.N. Security Council a war crimes tribunal for Saddam Hussein. Similar legislation was later passed, including H.Con.Res. 137, (passed the House November 13, 1997); S.Con.Res. 78, (passed the Senate March 13, 1998); and a provision of the Iraq Liberation Act (P.L. 105-338, signed October 31, 1998).

A U.S. Army report on possible war crimes was released on March 19, 1993, after Clinton took office. Since April 1997, the Administration has supported INDICT, a private organization that publicizes alleged Iraqi war crimes and seeks the arrest of 12 alleged Iraqi war criminals, including Saddam and his two sons. Although apparently lacking international support, in August 2000 then U.S. Ambassador-At-Large for War Crimes David Scheffer said that the United States wanted to see an Iraq war crimes tribunal established, focusing on "nine major criminal episodes." These include the use of chemical weapons against Kurdish civilians at Halabja (March 16, 1988, killing 5,000 Kurds) and the forced relocation of Kurds in the "Anfal" campaign (February 1988, in which an estimated 50,000 to 182,000 Kurds died); the use of chemical weapons against Iran; post-war crimes against humanity (the Kurds and the Marsh Arabs); war crimes against Kuwait (including oil field fires) and coalition forces; and other allegations. In FY2001 and again in FY2002, the State Department contributed \$4 million to a U.N. "Iraq War Crimes Commission," to be spent if a U.N. tribunal for Iraq war crimes is formed. The *Washington Post* reported October 30, 2002 that the Bush Administration is gathering information for a post-Saddam trial for the

12 alleged Iraqi war criminals. (For more information on U.S. funding for Iraqi war crimes issues, see CRS Report RL31339, *Iraq: U.S. Efforts to Change the Regime.*)

International Terrorism/September 11

Resolution 687 required Iraq to end support for international terrorism, and Iraq made a declaration to that effect to the U.N. Security Council. FBI Director Robert Mueller said in early May 2002 that, after an exhaustive FBI and CIA investigation, no direct link has been found between Iraq and any of the September 11 hijackers, although some still assert that hijacker Mohammad Atta met with Iraqi intelligence in Prague in April 2001. Senior U.S. officials said in late September 2002 that there is intelligence that some high-ranking Al Qaeda members have had contacts with Baghdad and that Iraq had helped Al Qaeda train with chemical weapons at some point in the past. Others believe that Baghdad has little contact with Al Qaeda because it differs with Iraq's secular ideology and would hurt Iraq's efforts to improve relations with Egypt and other moderate Arab states that are threatened by Al Qaeda. French terrorism investigators say they have found no evidence of Iraq-Al Qaeda linkages. The CIA told Congress on October 7, 2002 that Iraq would likely not conduct a terrorist attack using WMD against the United States unless there were U.S. military action against Iraq.

Iraq remains on the U.S. list of state sponsors of terrorism, and according to the State Department's reports on international terrorism (most recently the report for 2001, issued May 21, 2002), continues to harbor the Abu Nidal Organization and the Palestine Liberation Front of Abu Abbas. In August 2002, Abu Nidal died (committed suicide or was killed) as Iraqi police went to arrest him for alleged contacts with foreign governments opposed to Baghdad. Iraq says it is paying the families of Palestinian suicide bombers \$25,000, and some press reports say Iraq is cultivating Palestinians that might unleash anti-U.S. or anti-Israel terrorism in the event of a U.S.-led war against Iraq. (See CRS Report RL31119, *Terrorism: Near Eastern Groups and State Sponsors, 2002.*)

Iraq-Kuwait Issues

Resolution 1284 requires reports on the issues discussed below but, unlike Resolution 687, does not link the easing of any sanctions to Iraqi compliance on Kuwait-related issues. Resolution 1441 does not impose any new Kuwait-related requirements on Iraq.

Border Issues/Kuwaiti Sovereignty. Resolution 687 required Iraq to annul its annexation of Kuwait, directed the U.N. Secretary-General to demarcate the Iraq-Kuwait border, and established a demilitarized zone 10 kilometers into Iraq and 5 kilometers into Kuwait. **Resolution 773** (August 26, 1992) endorsed border decisions taken by the Iraq-Kuwait Boundary Demarcation Commission (established May 2, 1991) that, in November 1992, finished demarcating the Iraq-Kuwait border as described in an October 1963 agreement between Iraq and Kuwait. The border took effect January 15, 1993. The new line deprived Iraq of part of Umm Qasr port and a strip of the Rumaylah oil field, which straddles the border. On March 18, 1993, the Commission determined the sea border, allowing both countries access to the Gulf. **Resolution 833** (May 27, 1993) demanded that

Iraq and Kuwait accept the final border demarcation. On November 10, 1994, Iraq formally recognized Kuwait in a motion signed by Saddam Hussein. At the Arab summit in Beirut (March 27-29, 2002), Iraq reaffirmed its commitment to Kuwait's territorial integrity and pledged to cooperate to determine the fate of missing Kuwaitis (see below), earning a Arab statement of opposition to a U.S. attack on Iraq and a step toward reconciliation with Kuwait. On December 7, 2002, Saddam Hussein issued an "apology" to Kuwait for the invasion.

The 32-nation U.N. Iraq-Kuwait Observer Mission (UNIKOM), established by Resolutions 687 and 689 April 9, 1991), continues to monitor border violations. The United States contributes 11 personnel to the 197 observers in UNIKOM, which is considered a U.N. peacekeeping operation. Under **Resolution 806** (February 5, 1993), passed after Iraqi incursions into the demilitarized zone in January 1993 (and other incidents), a 908-member Bengali troop contingent supplements the observer group. Kuwait furnishes two-thirds of UNIKOM's \$51 million annual budget. The United States contributes about \$4.5 million per year to UNIKOM.

Kuwaiti Detainees and Property. Security Council **Resolutions 686** and **687** require Iraq to account for Kuwaiti and other nationals detained in Iraq during the Persian Gulf crisis. Of an initial 628 Kuwaiti cases, 608 are unresolved (ICRC figure as of May 2000), as are the cases of an additional 17 Saudi nationals. Iraq has admitted to having arrested and detained 126 Kuwaitis, but did not provide enough information to resolve their fate. Only three cases have been resolved since 1995. Since January 1995, Iraq and Kuwait were meeting every month on the Iraq-Kuwait border, along with U.S., British, French, and Saudi representatives, but Iraq has boycotted the meetings since Operation Desert Fox. In February 2000, retired Russian diplomat Yuli Vorontsov was appointed to a new post (created by Resolution 1284) of U.N. coordinator on the issue of missing Kuwaiti persons and unreturned property. Iraq has not yet allowed him to visit Iraq, and in April, June, and August 2000, as well as in March, April, and June 2001, the Security Council has issued statements of concern about the lack of progress. In April 2002, Iraq offered to receive a U.S. team to discuss the case of missing Gulf war Navy pilot Michael Speicher, but Defense Department officials declined on doubts of the benefits of a visit. Iraq says that non-Iraqis were included in its blanket prisoner amnesty of October 20, 2002, and that Kuwait can send representatives to search its prisons, which Iraq claims are virtually empty now.

U.N. Security Council **Resolutions 686** and **687** require Iraq to return all property seized from Kuwait. In the first few years after the cease-fire, Iraq returned some Kuwaiti civilian and military equipment, including U.S.-made Improved Hawk air defense missiles, and a June 2000 Secretary General report and a June 19, 2000 Security Council statement did note that Iraq had returned "a substantial amount of property." However, since 1994, U.S. officials have accused Iraq of returning to Kuwait some captured Iranian equipment that was never part of Kuwait's arsenal and of using Kuwaiti missiles and armored personnel carriers during Iraq's October 1994 troop move toward the Kuwait border. The United Nations and Kuwait say Iraq has not returned extensive Kuwaiti state archives and museum pieces, as well as military equipment including eight Mirage F-1 aircraft, 245 Russian-made fighting vehicles, 90 M113 armored personnel carriers, one Hawk battery, 3,750 Tow anti-tank missiles, and 675 Russian-made surface-to-air missile batteries. Iraq claims the materiel was left behind or destroyed when Iraq evacuated Kuwait. U.N. Secretary General Annan said at the conclusion of the July 4-5, 2002 inspections talks that agreement had been reached on a "mechanism" for Iraq to return Kuwait's state archives (six truckloads of documents) to

Kuwait. Iraq began the return of tons of documents on October 20, 2002, although Kuwait says preliminary assessments suggest some key archives were not returned.

Reparations Payments

The U.N. Security Council has set up a mechanism for compensating the victims of Iraq's invasion of Kuwait (individuals, governments, and corporations), using 25% (reduced from 30% in December 2000) of the proceeds from Iraqi oil sales. As of June 21, 2002 – following an award of \$4.5 billion to Kuwait's government and state-owned oil industry – the Compensation Commission (UNCC) has approved claims worth about \$43.6 billion, of a total asserted value of \$320 billion claims submitted. Following an April 2002 payout of about \$1 billion, which included \$800 million in payments to Kuwait, the UNCC has paid out about \$14.8 billion. Awards to U.S. claimants thus far total over \$666 million. In September 2000, the UNCC governing council approved an award to Kuwait of \$15.9 billion for oil revenues lost because of the Iraqi occupation and the aftermath of the war (burning oil wells), although current payment schedules will provide only a small fraction of that award (about \$50 million) until 2003. In June 2001, the UNCC approved \$243 million in payments to all of Iraq's immediate neighbors (except Turkey) for studies of Gulf war environmental damage. Of this amount, \$5 million was approved for Iraq's legal expenses to counter the expected environmental reparations claims. Kuwait was awarded \$700 million in October 2002 to cover the cost of removing Iraqi mines laid in the Gulf war.

Several legislative proposals ("Iraq Claims Act") to distribute Iraq's frozen assets (about \$2.2 billion) in the United States (separate from the U.N. compensation process) were not enacted, because of differences over categories of claimants that should receive priority. In the 107th Congress, H.R. 1632 proposes to distribute Iraq's frozen assets primarily to U.S. victims of the Iraqi invasion of Kuwait. Some might argue that this group of claimants is covered under the U.N. process discussed above and that the frozen assets in the United States should be used for those with claims resulting from events prior to the Iraqi invasion. (See CRS Report 98-240, *Iraq: Compensation and Assets Issues*.)

U.S. Policy, Sanctions, and the Oil-for-Food Program

As international concerns for the plight of the Iraqi people have grown, the United States has had increasing difficulty maintaining support for international sanctions. The oil-for-food program, established by **Resolution 986** (April 15, 1995) and in operation since December 1996, has been progressively modified to improve Iraq's living standards, and the United States has eased its own sanctions to align them with the program. Of the Security Council permanent members, the United States has set the highest standards for full Iraqi compliance that would trigger a lifting of sanctions. The United States rules out direct dialogue with Iraq on the grounds that Iraq's level of compliance does not justify talks. (See CRS Report RL30472, *Iraq: Oil-For-Food Program, Sanctions, and Illicit Trade*.)

"Smart Sanctions" Initiative. During a February 2001 trip to the Middle East, Secretary of State Powell presented a U.S. plan to facilitate exports of civilian equipment to Iraq in exchange for measures to ensure that no militarily useful goods reach Iraq. The

Administration portrayed its initiative as an effort to rebuild containment by narrowing differences within the Security Council and limiting sanctions erosion. France, Russia, and China have generally sought to ease sanctions in order to give Iraq incentives to cooperate with the international community. After a year of debate within the Council on the U.S. plan, on May 14, 2002, the Security Council adopted Resolution 1409, providing for goods to be exported to Iraq without Sanctions Committee scrutiny. This largely removes the opportunity for Sanctions Committee members to place contracts for Iraq on “hold.” Military items remain banned outright and GRL items are subject to export after review by UNMOVIC. The new export procedures were placed into effect in late July 2002. In late November 2002, the United States insisted on additions to the GRL to prevent imports that Iraq could use to counter a U.S. offensive; the U.S. objections led to a brief six-day rollover of the oil-for-food program (Resolution 1442 of November 25). Amid criticism within the Security Council, the United States dropped its GRL modification insistence and agreed to a regular six-month rollover of the program (Resolution 1447, December 4), which contained a pledge to consider a GRL modification within 30 days.

Formally, comprehensive U.S. trade sanctions against Iraq have been in place since Iraq’s 1990 invasion (Executive Order 12722 of August 2, 1990, Executive Order 12724 of August 6, 1990, and the Iraq Sanctions Act of 1990, Section 586 of P.L. 101-513). Since then, U.S. trade regulations have been amended to align them with the oil-for-food program. (A summary of the regulations governing transactions with Iraq is provided in CRS Report RL30472, *Iraq: Oil-for-Food Program*.) U.S. imports of Iraqi oil have increased since 1999 and reached a high of about 970,000 barrels per day in May 2001 — nearly half of Iraq’s oil exports. That figure has fallen to about 500,000 barrels per day since August 2002 as Iraq’s export volumes have declined to about 1.2 - 1.5 million barrels per day. In the 107th Congress, S. 1170, introduced July 12, 2001, would bar U.S. imports of Iraqi oil. The measure was adopted by the Senate on April 18, 2002, as an amendment to an energy bill (H.R. 4), but it is opposed by the Bush Administration on the grounds that the imports are part of a U.N.-supervised program.

Prior to the oil-for-food program, funds for civilian goods and the implementation of U.N. resolutions on Iraq were drawn from frozen Iraqi assets transferred — or direct contributions — to a U.N. escrow account pursuant to Resolution 778 (October 2, 1992). Total U.S. transfers to the escrow account, which matched contributions from other countries, reached \$200 million, the maximum required under Resolution 778. These transfers were being repaid to the United States from proceeds of the oil-for-food program. Resolutions 1284 and 1302 (June 8, 2000) suspended reimbursements until the end of 2000; about \$173 million was due back to the United States. Repayments resumed in 2001.

Iraq’s Illicit Trade with Its Neighbors

As regional fears of Iraq have eased and sympathy for the Iraqi people has grown, the United States has had difficulty persuading regional governments to enforce the sanctions regime. Improving sanctions enforcement by Iraq’s neighbors was dropped from the U.S. targeted-sanctions proposals adopted in Resolution 1409 because of regional resistance. See CRS Report RL30472, *Iraq: Oil-for-Food Program, Sanctions, and Illicit Trade*.

Jordan. Since 1992, despite Jordan’s economic linkages with Iraq and its vocal stand against a U.S. attack on Iraq, the United States has considered Jordan’s compliance with the

U.N. sanctions regime on Iraq satisfactory. Every year since FY1994, foreign aid appropriations laws (P.L. 103-87, P.L. 103-306, P.L. 104-107, P.L. 104-208, P.L. 105-118, P.L. 105-277, P.L. 106-113, P.L. 106-429, and P.L. 107-115), have denied U.S. aid to any country that does not comply with the sanctions against Iraq, though these laws do not mention Jordan specifically. The Administration has routinely waived sanctions in order to provide aid to Jordan, which is a key U.S. ally in the Middle East peace process. Recognizing Jordan's economic need, the Sanctions Committee "takes note of" Jordan's purchases of discounted Iraqi oil and oil products, which is exchanged for Jordanian goods (approved under the oil-for-food program) and write-downs in Iraqi debt to Jordan. This relationship was renewed in November 2001 at a level of about \$500 million for the year, which translates into about 100,000 barrels per day of Iraqi oil exports to Jordan. (See CRS Issue Brief IB93085, *Jordan: U.S. Relations and Bilateral Issues*).

Turkey. Turkey, concerned about the unanticipated consequences of a U.S. attack on Iraq, estimates that it has lost \$35 billion as a result of the sanctions. The Turkish government regulates and taxes the illicit importation of about \$400 million per year in Iraqi energy products by Turkish truck drivers. U.S. sanctions against Turkey for this trade have been waived each year. Turkey returned its Ambassador to Iraq in January 2001.

Iran/Persian Gulf States. In enforcing the embargo, two U.S. ships lead a Multinational Interdiction Force (MIF) that conducts maritime searches in the Persian Gulf to prevent the smuggling of oil and other high-value exports. From its high of about \$600 million in 2000, smuggling through this route has fallen substantially since early 2001, indicating that Iraq may be increasingly using the pipeline to Syria (see below). In June 2002, U.S. military officials attributed the drop-off in part to more robust enforcement techniques by the MIF, but which might also reflect Iran's cooperation with sanctions enforcement. Iran's cooperation with the sanctions comes despite the substantial improvement in Iranian-Iraqi relations since 1995, and Iran publicly opposes a unilateral U.S. attack on Iraq. The two exchanged 6,000 prisoners from the Iran-Iraq war in April 1998 and smaller batches of prisoners and remains since. In early October 2000, the two agreed to abide by the 1975 Algiers Accords that delineated their border, and Iran's Foreign Minister visited later in the month, a sign of accelerating rapprochement. Iraq's Foreign Minister visited Iran in January 2002, and Iran released over 600 Iraqi prisoners still held. Nonetheless, press reports in November 2002 say Iran will likely tacitly cooperate with a U.S. military offensive against Iraq, in part to gain greater participation in a post-Saddam regime for Iranian-backed Shiite Islamist groups.

The Gulf states, despite the threat they have faced from Iraq, publicly oppose a unilateral U.S. attack, although it is widely believed they could change their positions if the United States moved forward. The Gulf states are allowing the United States to build up its forces in the region and enhance basing and storage facilities that might be used in the event of military conflict. In April 2000, the UAE and Bahrain reopened embassies in Baghdad, leaving Kuwait and Saudi Arabia as the only two Gulf monarchies without diplomatic relations with Iraq. As noted above, Kuwait and Iraq, in conjunction with Saudi Arabia, took steps to reconcile at the Arab League summit in Jordan (March 27-28, 2002). In October 2002, Iraq and Saudi Arabia reopened their Arar border crossing for trade under the "oil-for-food" program.

Syria. Syria and Iraq began a warming trend in relations by reopening their border in 1997; this trend has accelerated since the July 2000 accession of Bashar Assad to the presidency of Syria. Since late 1998, the two countries have benefitted from the reopening of the Iraq-Syria oil pipeline, closed since 1982, and Iraq has been sending about 180,000 - 250,000 barrels per day of oil through the line, under a “swap” arrangement in which Syria uses the oil domestically and exports an equivalent extra amount of its own oil. In May 2001, Iraq and Syria reopened diplomatic missions in each others’ capitals. Nonetheless, Syria voted in favor of Resolution 1441.

Protecting/Supporting Iraq’s Opposition

The current debate on Iraq policy includes the question of the role, if any, for the Iraqi opposition in a U.S. military action against Iraq and in a post-Saddam Iraq. A *Washington Post* report of June 16, 2002 said that in early 2002, President Bush, either as a prelude to or alternative to a ground offensive, authorized stepped up covert action by the CIA and U.S. special forces to destabilize Saddam. During August 9 and 10, 2002, senior members of six major Iraqi opposition groups visited Washington for meetings with senior U.S. officials. Several opposition groups are planning a meeting in London for December 13, 2002 that might declare a provisional Iraqi government in exile. There is substantial debate among opposition groups and within the Bush Administration about whether it would be productive to declare a provisional government in advance of Saddam’s overthrow. Strains between the INC and other groups are threatening that meeting with cancellation.

Despite strains within the opposition, on December 9, 2002, President Bush announced he had authorized the draw down of \$92 million (the remainder of the \$97 million total authorized) of defense articles and services authorized under the Iraq Liberation Act (ILA, P.L. 105-338, October 31, 1998) for the opposition. He also named six new groups as eligible to receive such aid. The drawdown would reportedly include articles and services that would help about 5,000 oppositionists support any U.S. military action against Iraq, and would constitute lethal military aid, even though the proposed drawdown does not apparently include actual weaponry. Some Iraqis might receive combat training. More extensive coverage is included in CRS Report RL31339, *Iraq: U.S. Efforts to Change the Regime*.

Military Action and Long-Term Containment

The current U.S. military posture in the Persian Gulf is focused on containing Iraq. Currently, the United States and Britain enforce two “no fly zones” to provide a measure of protection for Iraq’s Kurdish minority and other objects of regime repression and to contain Iraq militarily. To enforce the no-fly zones, the two allies invoke U.N. Resolution 678 (November 29, 1990, authorizing use of force to expel Iraq from Kuwait), 687 (the main ceasefire resolution), 688 (human rights), and the Safwan Accords (the March 3, 1991 cease-fire agreements between Iraq and the coalition forces that banned Iraqi interference with allied air operations). Resolutions 678 and 687 were written under Chapter VII of the U.N. Charter, dealing with peace and security, and are interpreted as allowing military action to enforce these resolutions. Resolution 688 (human rights) was not written under Chapter VII, nor does that or any other resolution establish no fly zones.

To justify Operation Desert Fox, the Administration cited additional justification from Resolution 1154 (see above), which warned of “the severest consequences” for non-

compliance. Section 1095 of P.L. 102-190, the Defense Authorization Act for FY1992, signed December 5, 1991, expressed Congress' support for "all necessary means" to achieve the goals of U.N. Security Council Resolution 687. (For information on the U.S. military posture in the Gulf, see CRS Report RL31533, *Persian Gulf: Issues for U.S. Policy*, 2002.) In instances of strikes on Iraq for no fly zone or other infractions, the Administration also has cited congressional action (primarily P.L. 102-1 of January 12, 1991), authorizing military action to expel Iraq from Kuwait. The Administration asserts that hostile acts by Iraq against coalition aircraft enforcing the zones (two such episodes since its adoption, as of November 19, 2002) is a violation of the provision of Resolution 1441 requiring Iraq not to undertake hostile acts against countries upholding U.N. resolutions on Iraq, although the United Nations and most other countries appear to differ with this U.S. interpretation.

Kurds/Operation Northern Watch (ONW). The northern no fly zone was set up in April 1991, to protect the Kurds in northern Iraq. The zone extends north of the 36th parallel. After the September 1996 Iraqi incursion into northern Iraq, humanitarian aspects of ONW were ended and France ended its ONW participation. On June 18, 2002, Turkey renewed for six months basing rights at Incirlik Air Base for the 24 American aircraft and about 1,300 U.S. forces (plus allied forces). However, Turkey fears that ONW protects the anti-Turkish Kurdistan Workers' Party (PKK), which takes refuge in parts of northern Iraq, and Turkey has made repeated attacks against the PKK there since May 1997.

The two leading Iraqi Kurdish parties, the KDP led by Mas'ud Barzani and the Patriotic Union of Kurdistan (PUK) led by Jalal Talabani, agreed in May 1992 to share power after parliamentary and executive elections. In May 1994, tensions between them flared into clashes, and the KDP turned to Baghdad for backing. In August 1996, Iraqi forces helped the KDP capture Irbil, seat of the Kurdish regional government. With U.S. mediation, the Kurdish parties agreed on October 23, 1996, to a cease-fire and the establishment of a 400-man peace monitoring force composed mainly of Turkomans (75% of the force). The United States funded the force with FY1997 funds of \$3 million for peacekeeping (Section 451 of the Foreign Assistance Act), plus about \$4 million in DoD drawdowns for vehicles and communications gear (Section 552 of the FAA).

Also set up was a peace supervisory group consisting of the United States, Britain, Turkey, the PUK, the KDP, and Iraqi Turkomans. A tenuous cease-fire has held since November 1997 and the KDP and PUK leaders signed an agreement in Washington in September 1998 to work toward resolving the main outstanding issues (sharing of revenues and control over the Kurdish regional government). None of these issues has been fully resolved, but reconciliation efforts have shown substantial progress thus far in 2002; on October 4, 2002, the two Kurdish factions jointly reconvened the Kurdish regional parliament for the first time since their 1994 clashes. In June 2002, the United States gave the Kurds \$3.1 million in new assistance to help continue the reconciliation process, amid press reports of U.S. proposals for U.S. special forces teams to begin working with the Kurds as part of an overthrow effort against Saddam (*New York Times*, July 5, 2002). Both parties are represented in the opposition umbrella Iraqi National Congress, and both also maintain a dialogue with Baghdad.

Shiite Muslims/Operation Southern Watch. Shiites constitute a majority in Iraq but historically have been repressed. The U.S.-led coalition declared a no-fly zone over southern Iraq (south of the 32nd parallel) to protect the Shiites on August 26, 1992

(Operation Southern Watch), although the overflights are primarily part of the U.S. containment strategy. The United States and the United Kingdom (but not France) expanded the zone up to the 33rd parallel on September 4, 1996; France ended its participation entirely after Desert Fox. In response to Iraq's movement of troops toward Kuwait in October 1994, Security Council **Resolution 949** (October 15, 1994) demanded Iraq not deploy forces to threaten its neighbors. The United States and Britain interpret this as authorizing military action if Iraq enhances (numbers or quality of armament) its forces below the 32nd parallel. Such enhancements include Iraq's movement of air defense equipment into the zones.

During March 2000-March 2001, Iraqi air defenses fired at or near fixed radar or allied aircraft enforcing the zones on 500 occasions, in many cases provoking U.S. strikes on the activated missile batteries. On February 16, 2001, the United States and Britain struck elements of that network north of the southern no fly zone, in response to Iraq's increasing ability to target U.S. aircraft. U.S. aircraft did not go beyond the zone. As of late November 2002, during 2002 Iraqi air defenses and related infrastructure have been bombed about 50 times in response to about 150 provocations, and U.S. strikes on Iraqi facilities have become somewhat more intense in late 2002 in conjunction with U.S. preparations for possible military action against Iraq.

Costs of Containment. Saudi Arabia, Kuwait, and the United Arab Emirates contributed a total of \$37 billion to the \$61.1 billion in incremental costs of Desert Storm, all of which has been paid. From the end of the Gulf war until the end of FY2001, the Defense Department has incurred about \$9 billion in costs to contain Iraq and provide humanitarian aid to the Kurds. About \$1.2 billion was spent in FY2002. The Department of Defense, under the Weapons of Mass Destruction Control Act of 1992 (22 U.S.C. 5859a), assisted UNSCOM by providing U-2 surveillance flights (suspended since the December 15, 1998 UNSCOM pullout), intelligence, personnel, equipment, and logistical support, at a cost of about \$15 million per year. (See CRS Issue Brief IB94040, *Peacekeeping: Issues of U.S. Military Involvement*.)

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Iraq: The Turkish Factor

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Summary

Turkey will likely be pivotal to any U.S. military operation against Iraq, but it has many concerns. Foremost, it seeks to preserve Iraq's territorial integrity and prevent the emergence of a Kurdish state in northern Iraq. It wants its linguistic/ethnic kin in that region, the Iraqi Turkomans, to be fairly represented in a future government. Turkey also is worried about the economic consequences of a war, especially since it is just recovering from a devastating recession. Finally, it is concerned about the possibilities for a humanitarian refugee crisis and regional instability. The Bush Administration is consulting closely with Turkish officials to assuage their concerns and has provided increased economic assistance while attempting to enhance trade through (free trade) qualified industrial zones in H.R. 5385. Turkey expects still greater rewards for its support. See also CRS Report RL31429, *Turkey: Issues for U.S. Policy* and CRS Report RL31339, *Iraq: U.S. Efforts to Change the Regime*. This report will be updated if developments warrant.

Introduction

Turkey, a long time NATO ally of the United States which borders on Iraq, will likely be pivotal to any U.S. military operation against Iraq. It is assumed that the United States would like to use Turkey's air space, the large air base at Incirlik in southeast Turkey, and probably other airbases at Batman, Diyarbakir, or Malatya that are closer to the Iraqi border. Additionally, access to the Mediterranean port of Mersin and the sharing of intelligence may be on the U.S. wish list. For its part, the Turkish government is uneasy about U.S. plans. Turks argue that theirs is the country that will be most affected by a war and oppose it for a variety of reasons. (See the following section.) Turkish officials have pressed Saddam Hussein to implement U.N. resolutions and readmit weapons inspectors in order to prevent a military intervention. They also have urged the United States to obtain what they view as international legitimacy through a resolution authorizing the use of force from the United Nations Security Council. Despite misgivings, some Turks appear increasingly reconciled to a U.S. military campaign and advocate exacting a high price from the United States in exchange for support. A few suggest that Turkey's armed forces participate actively alongside Americans to ensure that Turkey has a determining say about northern Iraq's future.

Turkey's Concerns

Turkey's concerns about a war against Iraq are many. Foremost, Turkey is concerned that Iraq's territorial integrity is maintained and, relatedly, about its linguistic/ethnic kin, the Iraqi Turkomans. Turkey also is anxious about the economic consequences of a war, having lost billions of uncompensated dollars as a result of the first Gulf war, and having just begun to recover from its worst recession in 50 years. Finally, Turkey is worried about regional stability in the wake of a U.S.-Iraq war. These concerns are examined below.

Iraq's Territorial Integrity – the Kurdish Issue. Turkey argues that the power vacuum in northern Iraq after the first Gulf war enabled the Kurdistan Workers Party (PKK) to find safe havens from which to escalate its insurgency in Turkey. The PKK is a guerrilla/terrorist group that waged a war for independence or autonomy in Turkey's southeast from 1984-1999. Turkey fears that another war would produce a new power vacuum and result in the partition of Iraq. The birth of a Kurdish state in northern Iraq could serve as a model for Turkish Kurdish separatists, whom many Turks believe are still seeking their own state in southeast Turkey.¹

Since the Gulf War, Turkey has allowed U.S. and British planes flying from Incirlik Air Base to enforce a no-fly zone over northern Iraq (Operation Northern Watch) to protect Iraq's Kurds from Saddam Hussein and monitor his armed forces. Turkey has developed a tenuous modus vivendi with the two main Iraqi Kurdish groups, the Kurdistan Democratic Party (KDP) and the Patriotic Union of Kurdistan (PUK), but it does not trust their assurances that they do not want an independent state. Turkish Prime Minister Bulent Ecevit and others acknowledge that the Iraqi Kurds have a de facto state in northern Iraq, with institutions and infrastructure. But they do not want the Iraqi Kurds to take additional steps toward de jure independence.

Turkey's anxiety about possible Iraqi Kurdish statehood has increased as an American military campaign has appeared more likely. Some in Ankara suggest that the probability of war has emboldened the Iraqi Kurds to take advantage of what they perceive to be the U.S. need for their assistance. Tensions surfaced between Turkey and the KDP in August 2002 over the latter's draft constitution for a federal Iraq in which the Kurds would have greater autonomy and control of oil-rich Kirkuk.² In reaction, Turkey closed the Habur border gate, cutting the KDP's revenue sources by restricting the semi-

¹ On April 4, 2002, the PKK renamed itself the Kurdistan Freedom and Democracy Congress (KADEK) and elected PKK leader Abdullah Ocalan as KADEK general chairman in absentia. (Ocalan was tried and sentenced to death for treason; but his sentence was changed to life without parole after Turkey abolished the death penalty.) KADEK spokesmen contend that the armed struggle is over, and that they seek to resolve issues only by the "democratization" of Turkey, without changing borders of the countries in the region. Turkish Kurds currently seek increased cultural and language rights and freedom to participate politically as a party. Turkish officials believe that the PKK/KADEK change is tactical and that separatism remains the goal.

² Kirkuk is now controlled by the Baghdad government and is not part of the Kurdish autonomous area created in 1991. Its population is ethnically mixed: Arabs, Kurds, Turkomans.

illicit flow of diesel fuel from northern Iraq into Turkey.³ Turkish Defense Minister Sabahattin Cakmakoglu, a member of the right-wing Nationalist Action Party, claimed that Turkey has historic rights in northern Iraq dating from 1920.⁴ The KDP's official newspaper responded by threatening to turn northern Iraq into "a graveyard" for Turkish soldiers if they intervened, provoking angry reactions from Turkish civilian and military officials and media.⁵ To repair bilateral relations, KDP leader Mas'ud Barzani and other KDP officials have repeatedly affirmed the KDP's commitment to Iraq's territorial integrity and assurances for Turkey's national security and sovereignty.⁶

On September 25, the KDP and PUK agreed to a revised version of Barzani's draft constitution for a federal zone in northern Iraq, with Kirkuk as its capital, to present to other Iraqi opposition groups. Prime Minister Ecevit responded that if the Iraqi Kurds "take a step that could be tantamount to a declaration of independence ... Turkey would consider its options including use of force."⁷ Many experts say this was partly campaign rhetoric for the November 3 national election by a lame duck official. To mitigate any international misinterpretation, Foreign Ministry and military voices declared that developments in northern Iraq were under control. Yet, in the 1990s, Turkish forces had made regular incursions into northern Iraq in "hot pursuit" of the PKK, and at least 5,000 Turkish troops reportedly are there now ostensibly to control activities of the PKK and as a warning to the Iraqi Kurds.

Turkomans.⁸ Probably in part to balance Iraqi Kurdish momentum toward autonomy, Turkey has championed the rights of Iraqi Turkomans, who reside alongside the Kurds in northern Iraq. Turkomans are ethnic/linguistic relatives of the Turks. The Turkish government and Turkoman leaders recognized by Ankara claim that there are 3 million Iraqi Turkomans, although most sources, including the Baghdad government, cite far lower figures.⁹ Historically, the Turkomans' relations with other ethnic groups in the

³ The United Nations and United States waive sanctions on Turkey for the illicit energy traffic because it aids both Turkey and the Iraqi Kurds.

⁴ This was before the emergence of the Turkish Republic and fails to recognize a 1926 Turkish-British agreement giving the Ottoman Mosul Vilayet, including Kirkuk, to Britain, which as colonial power was the predecessor of modern Iraq. Other Turkish officials maintain that Cakmakoglu's comments should be viewed in the context of his defense of Iraqi Turkomans.

⁵ Turkish Daily Notes KDP Official Postponed Visit Fearing Ankara's Reaction, *Hurriyet*, August 23, 2002, translation entered into FBIS online, August 25, 2002; Turkish (Foreign) ministry says Iraqi Kurd leader's words "aggressive," Anatolia News Agency, in English, BBC-Monitoring Europe, September 6, 2002.

⁶ Dialogue can resolve problems between Turkey, Iraqi Kurd group-leader, Anatolia News Agency, in English, BBC-Monitoring Europe, September 10, 2002.

⁷ Fikret Bila, All Eyes are on North Iraq, *Milliyet*, October 3, 2002, translation entered into FBIS online, October 3, 2002.

⁸ Sometimes referred to as Turcoman and Turkmen. The latter usage, however, could be confused with the inhabitants of Turkmenistan.

⁹ Sources estimate that Turkomans constitute about 1.4% of the Iraqi population and probably number about 330,000. They have assimilated with other Iraqi groups for years. According to one source, there are about 1.5 million Turkomans in the Middle East, residing in Iraq, Iran, and (continued...)

region have been troubled. Turkey favors the Ankara-based Iraqi Turkoman Front, which calls for a unitary state in Iraq or a regionally, not ethnically, based federal government.

Of relevance to Turkey's interests is the residence of many Turkomans in Kirkuk, an oil-rich region in Northern Iraq. Turkey does not want that oil to finance an Iraqi Kurdish state. In the event of a U.S. military operation against Iraq, some analysts suggest that Turkey could use its sincere concern for the Turkomans as a pretext to intervene and prevent the Iraqi Kurds from controlling the oil reserves.¹⁰ Turkish Foreign Ministry officials deny having such designs and claim that they would not interfere in Iraq's internal affairs. They compare their concern for the Turkomans to their feelings for Bulgarian Turks under communist rule, and say that they only want to see Turkomans similarly represented in a democratic Iraq.¹¹ The same mistrust of Turkey's alleged territorial ambitions was expressed during the first Gulf War, but the inaction of Turkey's military then seemed to prove suspicions groundless. Moreover, Turkey and Iran agree on the need to preserve Iraq's territorial integrity, and Turkey would not likely act contrary to this agreement. Turkey and Iran have not battled each other for centuries despite their different political systems, sometimes uneasy relations, and occasional skirmishes.

Economic Factors. Turkey's opposition to a war against Iraq also is motivated by economic concerns. Before the first Gulf War, Turkey closed its border with Iraq, then one of its major trading partners, and abided by international sanctions. Turks estimate the cost of the closure at \$30 billion to \$100 billion, and argue that the international community never compensated Turkey for its losses. As a result of the U.N.'s humanitarian "oil-for-food" program begun in December 1996 and of the semi-illicit trade in diesel and crude oil, bilateral Iraqi-Turkish trade now totals about \$1 billion annually. The two neighbors hope to reach pre-Gulf War trade levels of about \$2.5 billion annually. Turkey does not want this positive trend reversed.

Turkish officials and others fear the economic damage a war might inflict could include rising oil prices, loss of foreign investment, collapse of the vital tourism sector, closure of the oil pipeline from Iraq to Turkey's Mediterranean coast, and loss of border and other bilateral trade. Achievement of the goals of a painful economic reform program also might be set back. Turkey generally has not contemplated benefits that might ensue from normal economic relations with a post-Saddam Iraq because they are seen as uncertain long term prospects, while Turkey has many immediate needs in the aftermath of an impoverishing recession.

Humanitarian Issues. Turkey notes that the Gulf War created a mass exodus of hundreds of thousands of Iraqi Kurds to Turkey and a humanitarian crisis of enormous

⁹ (...continued)

Turkey. Colbert C. Held, *Middle East Patterns: Places, Peoples, and Politics*, Boulder, Colorado, Westview Press, 2000, p. 104. Iraq's Deputy Prime Minister Tariq Aziz questioned Turkey's Turkoman numbers as "exaggerated" during a visit to Turkey in September 2002.

¹⁰ Turkoman Bargaining, *Sabah*, July 23, 2002, translation entered into FBIS online, July 23, 2002.

¹¹ Analogy by Undersecretary of the Foreign Ministry Ugur Ziyal at The Washington Institute for Near East Policy, August 28, 2002.

proportions for which it was unprepared and received what it considered to be unjust criticism. In the event of a new war, Turkey has contingency plans to establish camps for refugees on the Iraqi side of the border as well as at several sites in southeast Turkey.

Regional Stability. Finally, Turkey is concerned about the potential for postwar regional instability, including the unleashing of now latent interethnic and religious disputes and a worsening of the Israeli-Arab conflict. Ankara would prefer the United States to give priority to solving the Israeli-Palestinian dispute.

U.S. Policy

The Administration is attempting to assuage Turkey's concerns and gain its support for possible military action against Iraq. While in Turkey in July 2002, Undersecretary of Defense Paul Wolfowitz declared that a separate Kurdish state in northern Iraq was unacceptable to the United States.¹² When Secretary of State Colin Powell saluted the Iraqi Kurdish parliament on October 4, 2002, he claimed that they shared the U.S. vision for a "democratic, pluralistic, united Iraq" with its "territorial integrity intact." Some Turks nonetheless believe that the United States is telling the Kurds and Turkey what each wants to hear. Yet, no U.S. official has expressed support for a Kurdish state.

U.S. officials are closely, and with increasing frequency, consulting their Turkish counterparts. Secretary of State Colin Powell, Wolfowitz, National Security Advisor Condoleezza Rice, and Undersecretary of State Marc Grossman met with Undersecretary of the Foreign Ministry Ugur Ziyal in Washington in late August 2002. Vice President Dick Cheney spoke to Ziyal on videophone. Such high level meetings with an undersecretary are beyond the dictates of normal diplomatic protocol, but Ziyal is one of the ministry's experts on the Middle East and the Turkish General Staff Chief of Plans was in his delegation. Assistant Secretary of State for European Affairs Elizabeth Jones then visited Turkey in September. Most recently, Commander of the U.S. Central Command General Tommy Franks, responsible for Iraq, and NATO Supreme Allied Commander in Europe and Commander of the U.S. European Command General Joseph Ralston met Chief of the Turkish General Staff General Hilmi Ozkok and other officers in Ankara on October 21. Franks said that the purpose of his visit was "collaboration, consultation, and discussion," and that he had made no requests. On October 23, President Bush conferred via telephone with Turkish President Ahmet Necdet Sezer. General Ozkok will visit the United States, November 4-10, when he will meet Secretary of Defense Donald Rumsfeld and others in Washington and General Franks at CENTCOM headquarters in Tampa.

The United States is paying attention to Turkey in other ways. After the September 11, 2001 terror attacks, the Administration resumed foreign aid to Turkey which had been mostly discontinued in 1998 as part of a policy of "aid graduation." The United States provided \$28 million in military aid and \$200 million in economic assistance in FY 2002, largely to support Turkey's command of the International Security Assistance Force (ISAF) in Afghanistan. Since 1999, the United States, as the largest contributor to the International Monetary Fund (IMF), has helped Turkey obtain \$31 billion in financing to

¹² AA Details Wolfowitz Address at TESEV Meet on US-Turkish Relations, Ankara Anatolia in English, 15 July 02, entered into FBIS online, July 15, 2002.

enable it to recover from financial crises and to undertake major economic reforms. The United States also has promised a new economic partnership with Turkey focused on trade. The first step is the creation of Qualified Industrial Zones (QIZs) from which Turkish goods could be exported to the United States without tariffs as part of the U.S.-Israel Free Trade Agreement. (See H.R. 5385, Miscellaneous Trade and Technical Corrections Act of 2002, Sec. 2002, Designation of Israeli-Turkish Qualified Industrial Zones, agreed to in the House on October 7, 2002.) Some Turks are disappointed in the potential of QIZs because they exclude textiles, Turkey's main export to the United States, from duty free status.

Some Turks may have unrealistic expectations of U.S. assistance that might result from support for a war as they envision millions or billions more in aid. Yet, after the first Gulf war, the United States increased aid and donated 1,000 M-60 tanks to Turkey, totaling billions.¹³ There also is the option of forgiveness of all or part of Turkey's military debt to the United States. As of the end of 2000, Turkey owed about \$1.6 billion in outstanding principal for direct loans and \$2.8 billion in outstanding principal for guaranteed loans. Much of the debt carries high interest rates; forgiveness would be costly and require congressional action.¹⁴

Turkey expects the United States to exert pressure on the European Union (EU) summit in Copenhagen in December 2002 to set a date for the EU to begin accession negotiations with Turkey. A European Commission progress report issued on October 9 failed to recommend that a date be set, and Turkey hopes that European political leaders will redress that failing at their summit. The United States had energetically prodded the EU to name Turkey as a candidate for membership in 1999.

Outlook

Because Turkey highly values its alliance with the United States, is indebted to the United States for its help at the IMF, and wants to help determine Iraq's future, most observers expect it to support U.S. efforts against Iraq by allowing U.S. forces to use its bases and other facilities. This will likely happen due to the influence of the Turkish military and foreign policy bureaucracy no matter which party or parties win the November 3 national election. Iraq is not an election issue. After any U.S.-Iraq conflict, there is a risk that Turkey will be disappointed if the economic rewards for its support fail to meet its expectations. That in itself may not irrevocably harm the U.S.-Turkish alliance. If Iraq is tacitly partitioned and the region is destabilized, Turkey may demand an active U.S. role in restabilizing the situation. Turkey could be affected by instability in its neighborhood and bilateral U.S.-Turkish relations might deteriorate if Ankara is dissatisfied with U.S. policies in the post-war period.

¹³ Umit Enginsoy, NTV, October 21, 2002, translation entered into FBIS online October 21, 2002.

¹⁴ U.S. Department of the Treasury and the Office of Management and Budget, *U.S. Government Foreign Credit Exposure as of December 31, 2000, Part II, Region, Country and Dependency Tables*, pp. 306-307. Note, in 1990, Congress cancelled Egypt's \$6.7 billion military debt as a reward for its cooperation against Iraq. And, between 1994 and 1998, Congress forgave \$702.3 million of Jordan's debt at a cost of \$401 million.

CRS Report for Congress

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Iraq: Divergent Views on Military Action

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Summary

Officials of the Bush Administration believe military action against Iraq may be necessary to eliminate threats posed by the Iraqi regime to the U.S. and international communities. President Bush has asked Congress to pass a joint resolution giving the President authority to use force if necessary to eliminate threats posed by Saddam Hussein's Iraq. Some Members of Congress, commentators, and analysts question the Administration's rationale for such action and its feasibility. This report summarizes arguments advanced by the Administration and by critics of the Administration's position. It will be updated as the situation continues to develop. For further reading, see CRS Report RL31339, *Iraq: U.S. Efforts to Change the Regime*, by Kenneth Katzman.

Overview

Discussion continues between the Bush Administration and Congress and in the international community about the rationale for military action against the Iraqi regime and the feasibility of such action. Supporters of a military option believe a campaign to oust Iraqi President Saddam Hussein is probably the only way to compel Iraq's compliance with U.N. Security Council resolutions, eliminate its weapons of mass destruction (WMD), and terminate its ability to support international terrorism. Opponents argue that resumption of U.N. weapons inspections with unfettered access throughout Iraq might achieve the goal of ridding Iraq of WMD without a costly military campaign, which could prove difficult to implement, and also could destabilize U.S. allies in the region and divert resources from other phases of the war against terrorism.

President Bush has repeatedly called for regime change in Iraq. In his speech before the U.N. General Assembly on September 12, 2002, the President emphasized the dangers posed by Iraq's programs to develop WMD and urged the United Nations to live up to its responsibilities by enforcing previous U.N. Security Council resolutions that Iraq has ignored. On October 10 and 11, respectively, the House and Senate passed H.J.Res. 114, which authorizes the President to use the U.S. Armed Forces to defend the national security of the United States against the continuing Iraqi threat and enforce all relevant U.N. Security sanctions regarding Iraq. At the international level, the U.S. and British

delegations to the United Nations are drafting a resolution that reportedly would require Iraq to demonstrate full cooperation with a reconstituted weapons inspection regime within a relatively short period of time or face a military response.¹

Hearings are being held by several congressional committees to discuss the possible use of force against Iraq. A number of questions have been raised at these hearings and in other forums: For example: How serious is the threat posed by Iraq to the United States and its allies? How high are the likely costs and casualties that might result from military options? Are U.S. forces likely to face large-scale urban warfare in Baghdad and other major population centers? What kind of regime might replace the present one? How long would U.S. forces have to remain in Iraq? What effect would major U.S. military action against Iraq have on the war against terrorism and other U.S. objectives in the Middle East? Views expressed by officials from the Administration on these and other issues are summarized below, followed by a summary of the views of their critics.

Rationale Advanced by Administration Officials

Credibility of U.N. Pronouncements. Iraq has defied at least 16 U.N. Security Council resolutions enacted since the Iraqi invasion of Kuwait in 1990, according to a position paper published by the Administration on September 12, 2002. Iraq has concealed or falsified information on its programs to develop weapons of mass destruction (WMD); failed to cooperate with U.N. weapons inspectors; failed to account for missing persons and property stolen during Iraq's occupation of Kuwait; continued to repress its population; and periodically supported international terrorism. By all indications, senior Administration officials believe it will likely take military action to end Iraq's continued defiance of demands embodied in U.N. resolutions. (See CRS Issue Brief IB92117, *Iraq: Compliance, Sanctions, and U.S. Policy*, by Kenneth Katzman.) In his address to the U.N. General Assembly on September 12, President Bush posed the question: "Are Security Council resolutions to be honored and enforced, or cast aside without consequence?"²

Threat Posed by Lethal Weapons. The Administration and its supporters maintain that Iraq's programs to develop WMD pose a threat to U.S. interests and allies. Iraq is known to have developed biological and chemical warfare agents and used the latter against its own population and neighboring Iran during the 1980s. During the Gulf war in 1991, Iraq fired conventional medium and long-range missiles at Israel and Saudi Arabia. Many U.S. officials and other commentators believe that Iraq was on the verge of developing a nuclear weapons capability before its defeat in the Gulf war, and that it retains considerable expertise in this field. In their view, post-war inspections did not

¹ Some members of the Security Council, notably France, prefer a two-stage approach, in which the initial resolution would demand that Iraq cooperate with inspections but would not mention military force. Should Iraq fail to comply, a second resolution might include such a lever. Patrick E. Tyler, "U.S. and Britain Drafting Resolution for Iraq Deadline," *The New York Times*, Sept. 26, 2002.

² According to a U.N. official, the U.N. Secretariat is not able to track instances of non-compliance because of the ambiguities involved in interpreting U.N. resolutions. Some argue that putting pressure on Iraq to observe U.N. resolutions while ignoring other apparent violators amounts to selective enforcement. David R. Sands, "Iraq Not Alone in Defying Resolutions of U.N. Body," *The Washington Times*, Sept. 21, 2002, p. A6.

fully reveal the extent of Iraq's weapons programs, which in some cases were reported by Iraqi defectors. Lacking an air-tight inspection regime, which Iraq has managed to obstruct in the past, military action may be the only way to eliminate Iraq's WMD capabilities and the threats they pose.³ Iraq has already threatened to reject any inspection regime that adds conditions to those contained in previous U.N. resolutions.

Terrorist Ties. Iraq has appeared on the State Department's annual list of countries supporting international terrorism since August 1990. Although no positive proof has emerged to link Iraq to the 9/11 terrorist attacks, there have been unconfirmed reports of contacts between Iraqi agents and representatives of the Al Qaeda organization. In late September 2002, Secretary of Defense Donald Rumsfeld cited "evolving" intelligence reports indicating that Iraq has given safe haven to members of Al Qaeda and supported their efforts to obtain WMD.⁴ Iraq has also been accused of mounting terrorist actions against the United States and other countries, including an abortive attempt to assassinate former President Bush in 1993. In this context, military reprisals against Iraq could support the President's worldwide campaign against terrorism by dealing a blow to one of its state sponsors.

Regime Change. Ever since Iraq's invasion of Kuwait, U.S. Administrations have called for replacement of Saddam Hussein's regime; Congress, too, has endorsed regime change by enacting the Iraq Liberation Act (ILA) in 1998 (P.L. 105-338). Saddam's tight control over his military and security apparatus, however, makes it unlikely that he could be overthrown by a coup or by other non-military measures. A U.S.-led military campaign, the Bush Administration contends, may be the only way to achieve Saddam's overthrow and replacement by a more friendly and hopefully democratic regime. Administration officials suggest that such a regime could serve as a model for democratization in the Arab World. The U.S. role in its creation—if successful—could enhance U.S. prestige in the Middle East—as President Bush stated in his speech to the U.N. General Assembly, by "inspiring reforms throughout the Muslim world."

Internal Support. Senior U.S. officials believe a majority of Iraqis would welcome the overthrow of a regime that has long oppressed them. Disaffection from the Ba'thist regime is particularly strong among the Kurds, who have been leading targets of repression, but is reportedly also rife among other segments of the Iraqi population. Although many commentators discount the effectiveness of Iraq's divided opposition

³ Vice President Dick Cheney maintains that "return of inspectors would provide no assurance whatsoever of his [Saddam Hussein's] compliance with U.N. resolutions." "In Cheney's Words: The Administration Case for Removing Saddam Hussein," *The New York Times*, Aug. 27, 2002, p. A8. Secretary of State Colin Powell told a French newspaper in an interview published on Sept. 7 that "the goal is disarmament" and that inspections are a means to that end.

⁴ National Security Advisor Condoleezza Rice made similar comments. Some unnamed U.S. officials have expressed skepticism regarding these reports, and other commentators believe any Al Qaeda members in Iraq are located in the northern Kurdish zone, which is outside Saddam Hussein's control. See Rowan Scarborough, "Rumsfeld Links Al Qaeda To Saddam," *The Washington Times*, Sept. 27, 2002, p. A1; Karen DeYoung, "U.S. Officials Revive Debate On Iraq-Al Qaeda Ties," *The Washington Post*, Sept. 27, 2002, p. A19; Barbara Slavin and John Diamond, "Experts Skeptical Of Reports On Al-Qaeda-Baghdad Link," *USA Today*, Sept. 27, 2002, p. 4.

groups, these groups have taken recent steps to heal rifts and coordinate their efforts, though with mixed results. According to press reports, the Bush Administration plans to increase training and equipment supply for opposition elements, using funds already authorized under the Iraq Liberation Act of 1998. Proponents of a wider role for the Iraqi opposition suggest that under an optimum scenario, it could play a role similar to that of the Afghan Northern Alliance, which helped U.S. forces topple the Taliban regime.⁵ (Many observers, however, are skeptical about the applicability of the Afghanistan model to Iraq.)

Growing International Support. Although friendly Middle East states continue to voice opposition to major military action against Iraq, some commentators have long maintained that regional leaders would quietly welcome a move against Saddam, if it quickly and fully achieved the overthrow of his regime. Many believe that other key countries, such as China and France, will eventually support military action, since they will not want to be perceived as “soft” on Saddam or implacably opposed to the policies of the United States as the sole remaining superpower. On September 18, Secretary Rumsfeld reportedly told a congressional committee that “other countries,” which he did not name, will assist the United States in various ways, including troops, bases, overflight rights, and financial contributions, in the event of military action. In this connection, there have been recent signs that some moderate Arab states may be softening their previous opposition to allowing large-scale U.S. military operations from their territory against Iraq, provided a military campaign were authorized by a U.N. resolution.⁶

Views of Critics of Administration Policies

Premature Action. A number of commentators including former high ranking U.S. officials believe that advocates of a military option have not made a convincing case in support of imminent military action against Iraq. According to this view, a military campaign may be premature until a reconstituted inspection team has been deployed and given an opportunity to achieve its mission. Several former U.S. military leaders have suggested that the United States should exhaust diplomatic options before mounting a military campaign against Iraq.⁷ Former National Security Advisor Lt. General (Retired) Brent Scowcroft comments that “inspections would serve to keep him [Saddam Hussein] off balance and under close supervision.” He adds that if Saddam refuses unfettered inspections or if the inspections uncover compelling evidence of a nuclear weapons

⁵ Karen DeYoung, “U.S. Readies Training Of Hussein Foes,” *The Washington Post*, Sept. 26, 2002, p. A1.

⁶ When asked about the availability of Saudi bases to U.S. military forces during a CNN interview on Sept. 16, Saudi Foreign Minister Prince Saud al-Faysal said that if the U.N. Security Council adopts a resolution authorizing military force, “[e]verybody is obliged to follow through.” He qualified this statement, however, in an interview published on October 10, saying that “We are not going to join in the military action, but if the United Nations takes a decision in this regard, we will cooperate with it.”

⁷ Eric Schmitt, “Three Retired Generals Warn of Peril in Attacking Iraq Without Backing of U.N.,” *The New York Times*, Sept. 24, 2002.

capability, then the United States would have a more persuasive case to use military force against Iraq.⁸

Effect on Anti-Terrorism Campaign and Alliance Relations. Skeptics of the Administration's approach maintain that a major campaign against Iraq could detract from U.S. efforts to pursue other phases of its war on terrorism. They assert that continued low level conflict in Afghanistan argues against diverting major military resources to another area of operations. Most Arab and Muslim states, opposed in principle to U.S. action against Iraq, might be less willing to continue cooperating with the United States in its on-going attempts to root out Al Qaeda cells and shut off sources of terrorist funding. Elsewhere, only Britain has expressed willingness to join in military action if necessary, and other European allies have expressed reservations or opposition. General Scowcroft points out that "there is a virtual consensus in the world against an attack on Iraq at this time" and adds that the United States cannot win the war against terrorism "without enthusiastic international cooperation, especially on intelligence."

Operational and Logistical Difficulties. The challenges of a military campaign could be formidable. Emergence of a large allied coalition backing a U.S.-led military campaign against Iraq along the lines of the 1990-1991 Gulf war is unlikely. Most regional states have publicly rejected use of their territories as launching pads for such a campaign, and many observers believe that any cooperation they may provide in facilitating staging, landing, refueling, and overflight by U.S. forces is likely to be limited. (See CRS Report RL31533, *The Persian Gulf: Issues for U.S. Policy, 2002*, by Kenneth Katzman, for a discussion of facilities available in the Gulf region.) Recent press reports indicate that Iraqi defense plans call for abandoning open desert terrain and retreating to Baghdad and other major cities where U.S. forces could face large-scale urban fighting. Also, should Saddam decide that he has nothing to lose in view of U.S. demands for his elimination, critics are concerned that he would use his chemical and biological warfare capabilities against allied forces and Israel;⁹ whereas the prospect of retaining power even in defeat effectively restrained him from such use during the Gulf war of 1990-1991.

Regional Destabilization. A U.S. military campaign against Iraq could precipitate serious turmoil in the Middle East, according to critics of Administration policy. Many fear that massive popular demonstrations against the United States and U.S. interests may occur and could lead to upheavals in which one or more moderate pro-U.S. leaders were replaced by radical anti-western regimes, possibly headed by Islamic fundamentalists sympathetic to Al Qaeda. For example, King Abdullah of Jordan, with his large Palestinian population and economic dependence on Iraqi oil and commerce, could be vulnerable in this regard. U.S. efforts to resolve the Arab-Israeli conflict would probably be adversely impacted by a war with Iraq, some believe, with the further loss of U.S. credibility in large parts of the Arab world. Some commentators, including the

⁸ Brent Scowcroft, "Don't Attack Saddam," *The Wall Street Journal*, Aug. 15, 2002, p. A12.

⁹ U.S. planners reportedly are considering various ways to mitigate this threat: keeping the invasion force relatively small, assembling much of the force beyond the range of Saddam's missiles, and keeping troop movements as stealthy as possible. Thomas E. Ricks, "War Plans Target Hussein Power Base," *The Washington Post*, Sept. 22, 2002, p. A1.

former commander of U.S. forces in the Gulf region, General Anthony Zinni, see merit in pursuing an Arab-Israeli peace settlement before moving against Iraq.¹⁰

Economic Impact. Some critics of Administration policy believe that a war with Iraq could contribute to U.S. economic problems. Cost estimates of a war with Iraq vary, but could be higher than during the Gulf War of 1990-1991.¹¹ The head of President Bush's National Economic Council, Lawrence Lindsey, has estimated the "upper bound" of war costs at between \$100 billion and \$200 billion, a small but significant share of the U.S. gross domestic product. Pentagon estimates of approximately \$50 billion are considerably lower, but may represent a campaign of shorter duration and do not appear to include reconstruction costs. The Congressional Budget Office study published on September 30, 2002, based on force packages somewhat smaller than those used in the 1990-1991 Operations Desert Shield and Desert Storm, estimated costs of deploying a force to the Persian Gulf at between \$9 and \$13 billion, followed by monthly costs of between \$6 and \$9 billion, plus possible costs of an occupation and additional redeployment costs at the end of the operation.¹² In contrast to the situation in 1990-1991, when Arab and other donors paid \$53.6 billion of the \$61.1 billion costs incurred by the United States in Operations Desert Shield and Desert Storm, third countries are unlikely to foot much of the bill for a new campaign against Iraq, which most of them do not favor. Beyond the direct budgetary impact, there could be increases in oil prices and disruptions in oil supply to the United States and its allies, although such problems proved short-lived during the 1990-1991 crisis.

Uncertain Outcomes. In conclusion, critics argue, even if an allied force succeeded in overthrowing the present Iraqi leadership, a post-Saddam Iraq would involve many uncertainties. In their view, several unfavorable outcomes are distinctly possible: an extended U.S. military occupation while attempting to put in place a new order in Iraq; another dictator who might prove little better than Saddam; a new and more representative regime which nonetheless retains Saddam's determination to pursue WMD for reasons of national prestige and security; or the fragmentation of Iraq along geographic and ethnic lines. The latter outcome would be of particular concern to several U.S. allies including Turkey, which fears that a possible upsurge in Kurdish separatist sentiment in northern Iraq could spread to Turkey's own Kurdish population. More broadly, fragmentation of Iraq could be exploited by other neighbors such as Iran or Syria or by hostile Islamic militant groups, with unforeseen consequences to U.S. interests in the Middle East.

¹⁰ "USA-Zinni Comes Out Against Hawks," *Periscope Daily Defense News Capsules*, Aug. 29, 2002. (Administration supporters maintain that the risks of destabilization or a mass uprising of the "Arab street" are exaggerated; neither eventuality occurred after the 1990-1991 Gulf war.)

¹¹ For more information on potential costs, see CRS Report RL31585, *Possible U.S. Military Intervention in Iraq: Some Economic Consequences*, October 1, 2002.

¹² The CBO estimates address "incremental costs," that is, costs incurred over and above the budgeted costs of routine operations such as active-duty salaries and normal training expenses.

Report for Congress

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Iraq: Differing Views in the Domestic Policy Debate

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Summary

The debate over whether, when, and how to prosecute a major U.S. military intervention in Iraq and depose Saddam Hussein is complex, despite a general consensus in Washington that the world would be much better off if Hussein were not in power. Although most U.S. observers, for a variety of reasons, would prefer some degree of allied or U.N. support for military intervention in Iraq, some observers believe that the United States should act unilaterally even without such multilateral support. Some commentators argue for a stronger, more committed version of the current policy approach toward Iraq and leave war as a decision to reach later, only after exhausting additional means of dealing with Hussein's regime.

A number of key questions are raised in this debate, such as: 1) is war on Iraq linked to the war on terrorism and to the Arab-Israeli dispute; 2) what effect will a war against Iraq have on the war against terrorism; 3) are there unintended consequences of warfare, especially in this region of the world; 4) what is the long-term political and financial commitment likely to accompany regime change and possible democratization in this highly divided, ethnically diverse country; 5) what are the international consequences (e.g., to European allies, Russia, and the world community) of any U.S. strategy that emphasizes unilateralism or multilateralism; 6) to what degree is U.N. or congressional support required or even needed; and 7) what are the ramifications of not taking action to ensure that Iraq is not acquiring weapons of mass destruction?

On October 10th, after a month of debate, the House passed a joint resolution (H.J. Res 114) that authorizes the use of force against Iraq and requires the Bush Administration to report to Congress that diplomatic options have been exhausted before or within 48 hours after military action has begun. The President is also required to submit a progress report to Congress at least every 60 days. A few hours after the House vote, on October 11th, the Senate passed the joint resolution. President Bush passed this into law on October 16, 2002 (P.L. 107-243).

This report identifies selected statements by Bush Administration officials, former U.S. government officials, columnists, and academic and think-tank policy analysts who have addressed the issue of intervention in Iraq and summarizes some of their main arguments. Readers should note that this is a rapidly evolving policy area, and the views of those cited may change since the time of their referenced statements. This report will not be updated.

For further reading, see CRS Report RS21325, *Iraq: Divergent Views on Military Action*, by Alfred Prados, and CRS Report RL31339, *Iraq: U.S. Efforts to Change the Regime*, by Kenneth Katzman.

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Bush Administration

George W. Bush, President. President Bush has expressed his determination to remove Hussein by military force, if necessary, or at a minimum to obtain a verifiable, accelerated elimination of Iraq's programs to produce weapons of mass destruction (WMD). President Bush has stated that "Saddam Hussein has made the case against himself." In his September 12, 2002 address to the U.N. General Assembly, President Bush challenged the U.N. Security Council to take decisive action against Hussein and outlined Iraq's repeated violations of U.N. Security Council resolutions: "The conduct of the Iraqi regime is a threat to the authority of the United Nations, and a threat to peace." President Bush argues that the Iraqi regime repeatedly has violated economic sanctions, acquired weapons of mass destruction (WMD), inflicted harm on his own people, and deceived UNSCOM (U.N. Special Commission) weapons inspectors. He describes the potential consequences of action and inaction, either the democratization of Iraq or the continued brutal submission of the Iraqi people. President Bush maintains that Hussein's WMD could be transferred into the hands of terrorists, thereby posing a threat to U.S. and international security.

"President's Remarks to the Nation," Ellis Island, September 11, 2002.

"President's Remarks at the U.N. General Assembly," Remarks by the President in Address to the U.N. General Assembly in New York, September 12, 2002.

"President Outlines Iraqi Threat," Remarks by the President on Iraq at the Cincinnati Museum Center, October 7, 2002.

Richard N. Perle, Chairman, Defense Policy Board. Perle argues that the United States is not waging war against Iraq; it is liberating Iraq. He also has argued that removing Hussein's military capabilities will create a favorable geopolitical shift in the Middle East. Asserting that Hussein has harbored terrorists, Perle concludes that a military operation is the most effective way to remove Hussein from power. Perle predicts that "Saddam ultimately would be destroyed by his own forces, whose loyalty he has good reason to question."

Ricks, Thomas E. "Briefing Depicted Saudis as Enemies," *The Washington Post*, August 6, 2002.

Diamond, John. "Split Over Iraq Grows More Public," *USA Today*, August 19, 2002.

Colin L. Powell, Secretary of State. Powell maintains that the Administration will seek to eliminate Iraq's weapons of mass destruction by all necessary means, but publicly he has put more emphasis on diplomacy and coalition-building than others in the Administration. According to Powell in an October 2002

press conference: “war is a last resort, but we have seen what happens if you are not prepared to go to war: you will get this kind of violation of international law. We cannot let Saddam Hussein walk away this time without there being consequences for continued violation of international obligations.” He maintains that a menace, such as Hussein, in possession of WMD, “could empower a few terrorists to threaten millions of innocent people.” He stresses that for the U.N. to remain relevant, it must act decisively. Powell explains that the Administration will seek the support of the international community through a comprehensive U.N. resolution, but that the United States is prepared to act unilaterally if necessary.

“Powell Sees Strong Support in Congress for Iraq Resolution: Says Resolution Will Strengthen his Hand in Negotiations with UN,” Transcript of the press conference held on October 8, 2002.
Secretary of State Colin L. Powell Testimony before the Senate Foreign Relations Committee, September 26, 2002.

Condoleezza Rice, National Security Advisor. Rice alludes to the imminent threat posed by Hussein and lays out a moral case for deposing him through military action. She argues that Hussein represents a global threat because he has developed biological weapons, violated U.N. resolutions, and used chemical weapons against his own people. She has stated that Hussein is “an evil man who, left to his own devices, will wreak havoc again on his own population, his neighbors and, if he gets weapons of mass destruction and the means to deliver them, on all of us.” In Rice’s view, Hussein will continue to pose a threat to international security if he remains in power: “We certainly do not have the luxury of doing nothing...if Saddam Hussein is left in power, doing the things that he’s doing now, this is a threat that will emerge, and emerge in a very big way.” Inaction is not an option, she argues: “History is littered with cases of inaction that led to very grave consequences for the world. We just have to look back and ask how many dictators who ended up being a tremendous global threat and killing thousands and, indeed, millions of people, should we have stopped in their tracks.”

Kessler, Glenn. “Rice Lays Out Case for War in Iraq,” *The Washington Post*, August 16, 2002.

“Moral Case for Deposing Saddam,” *BBC News World Edition, With Us or Against Us*, August 15, 2002.

Donald H. Rumsfeld, Secretary of Defense. Rumsfeld maintains that the war on terrorism does not end in Afghanistan: “It will not end until terrorist networks have been rooted out, wherever they exist. It will not end until the state sponsors of terror are made to understand that aiding, abetting, and harboring terrorists has deadly consequences for those that try it. It will not end until those developing nuclear, chemical, and biological weapons end their threat to innocent men, women, and children.” Rumsfeld expresses doubt that Hussein will agree to unconditional U.N. weapons inspections and that the current focus of U.S. foreign policy should be on eliminating weapons of mass destruction. He acknowledges that “there are risks to acting in any instance, there are also risks of not acting.” Rumsfeld downplays concerns over whether U.S. military forces can continue to fight the war against terrorism and simultaneously a war against Iraq.

Testimony of U.S. Secretary of Defense Donald H. Rumsfeld before the Senate Armed Services Committee on Progress in Afghanistan, July 31, 2002.

Garamone, Jim. "Rumsfeld Discusses Iraq Inspections, WMD Capabilities," *American Forces Information Service News Articles*, September 3, 2002.

George Tenet, Director of the Central Intelligence Agency (CIA). In Senate testimony in March 2002, Tenet stated that Iraq continues to pursue WMD. He mentioned that Iraq's illicit trade with its neighbors creates economically dependent relationships, which undermines regional support for U.N. sanctions against Iraq. According to Tenet, "the profits he gains from these relationships provide him the means to reward key supporters, and more importantly, to fund his pursuit of WMD. His calculus is never about bettering or helping the Iraqi people." Although he acknowledges that Hussein remains a threat to international security, Tenet recently stated that Hussein is unlikely to launch a chemical or biological attack unless provoked by an imminent military strike. In October 2002, Tenet warned that "should Saddam conclude that a U.S.-led attack could no longer be deterred, he probably would become much less constrained in adopting terrorist actions." Tenet added that there is evidence of al Qaeda contacts with Iraq.

Reid, Tim. "CIA Undermines Bush over Iraqi Chemical Weapons," *The Times*, October 10, 2002.

"CIA's Tenet Says Iraq Pursues Weapons of Mass Destruction: Sees Possibility for Cooperation between Iraq, al-Qaida," U.S. Department of State International Information Programs, March 20, 2002.

Paul Wolfowitz, Deputy Secretary of Defense. Wolfowitz maintains that a democratic government in Iraq that truly cares for the welfare of its people would benefit Iraqis, the Middle East region, and the world as well. Because the Iraqi regime is hostile to the United States, supports terrorism, and has WMD capabilities, Wolfowitz concludes that this is a danger that the United States and the world cannot afford to live with indefinitely.

Wolfowitz, Paul. Defense Department Transcript, July 17, 2002.

Keller, Bill. "The Sunshine Warrior," *The New York Times*, Sunday, September 22, 2002.

Anthony Zinni, Middle East Peace Envoy. Zinni, former Commander-in-Chief of the Central Command (CINC CENTCOM), has voiced concern that a war with Iraq could exacerbate the Israeli-Palestinian conflict. However, he says he would support a war if the United States gains the approval of Congress and of the international community. Zinni also cautions: "You could inherit the country of Iraq, if you want to do it. If our economy is so great that you're willing to put billions of dollars into reforming Iraq, if you want to put soldiers that are already stretched so thin all around the world and add them into a security force there forever, you're going to have to make a good case for that." He added that a clear and present danger should be demonstrated before the United States attacks Iraq.

Montagne, Renee. "Profile: Retired Gen. Anthony Zinni Gives Many Reasons Why the U.S. Should Avoid War with Iraq," *NPR Morning Edition*, August 29, 2002.

Former Government Officials

Madeleine Albright, former Secretary of State. In response to Bush's U.N. address on September 12, 2002, Albright supports Bush's efforts to work with the U.N. Security Council as a way to strengthen the diplomatic case for subsequent action against Iraq should weapons inspectors be denied access. She maintains, however, that the Administration should focus the world's attention on eradicating al Qaeda's terrorist network instead of invading Iraq. Albright has argued that "the administration should take the time necessary to broaden support for its Iraq policy, respond to Congressional inquiries, strengthen Iraqi opposition groups, fine-tune military planning, develop a coherent blueprint for the post-Hussein era, identify massive resources that will be required to fund the war and its aftermath, and conduct diplomacy aimed at cooling tensions in the Middle East."

Albright, Madeleine. "Where Iraq Fits in the War on Terror," *The New York Times*, September 13, 2002.

James Baker, former Secretary of State. James Baker stresses the need to remove Hussein from power and eliminate Iraq's WMD in order to preserve international peace. Because Hussein violated previous U.N. Security Council resolutions, he advocates "the adoption by the U.N. Security Council of a simple and straightforward resolution requiring that Iraq submit to intrusive inspections anytime, anywhere, with no exceptions, and authorizing all necessary means to enforce it." This resolution must also contain a deadline for Iraq's compliance. Judging that diplomatic and economic efforts have been exhausted, including the pursuit of covert action and internal revolt, Baker maintains that the only realistic way to bring about regime change in Iraq is through the application of military force, "including sufficient ground troops to occupy the country (including Baghdad), depose the current leadership and install a successor government." But Baker also emphasizes that the United States should strive to build an international coalition to carry out military action to minimize the costs and risks inherent in a unilateral effort. Baker warns that "if it should become apparent that we cannot get a satisfactory, reasonable resolution out of the Security Council, either because of a threatened veto or a shortage of votes, we should carefully consider whether to go ahead anyway and call for a vote. Doing so would tell the world which countries stand for doing right and which stand for doing business."

Baker, James. "The Right Way to Change a Regime," *The New York Times*, August 25, 2002.

— "The U.N. Route," *The Washington Post*, September 15, 2002.

Samuel R. Berger, former National Security Advisor. Berger acknowledges that the Iraqi regime poses a serious potential threat to stability in the Middle East and the overall security of the United States. He argues that Hussein's strategic objective is to assert dominance over the Persian Gulf, a region that is strategically and economically critical to the United States. Berger contends that the risks associated with a war on Iraq are as serious as the threat posed by Iraq, including destabilization of an already volatile region. He has argued that war against Iraq could precipitate an Israeli-Arab conflict and also divert the United States from the war on terrorism. He argues that Secretary of State Powell should continue to

press for a strong U.N. Security Council resolution. He affirms that the current U.S.-U.K. draft resolution contains essential elements of a Security Council resolution. However, he contends that it “seeks more than we need and more than we can obtain at this point. In particular, the draft includes a prior, explicit authorization to use military force if Hussein does not comply – in U.N. speak, by ‘all necessary means.’” Berger believes that this military force component is unnecessary because such authority can be derived from prior Post-Cold War resolutions. “Instead of overloading the resolution, we should focus on the essence of what we need: an unequivocal statement by the international community that the Iraqi government must cooperate and comply, within an established time frame, with truly unfettered inspections.” He urges the United States to negotiate a resolution that isolates Hussein and not us.

Berger, Samuel H. Senate Armed Services Committee Testimony, September 25, 2002.

— “We Can Outmaneuver Saddam,” *The Washington Post*, October 3, 2002.

Zbigniew Brzezinski, former National Security Advisor. If the United States does not focus on the political and cultural motivations that drive terrorism, Brzezinski contends that international support for an eventual military conflict in Iraq will be weakened. He argues that U.S. preemption is justified only if an attack on us is imminent “because for the United States to go to war, unless provoked, is a very serious, very serious step.” Brzezinski observes that “nearly a year after the start of America’s war on terrorism, that war faces the real risk of being hijacked by foreign governments with repressive agendas. Instead of leading a democratic coalition, the United States faces the risk of dangerous isolation.”

Brzezinski, Zbigniew. “Confronting Anti-American Grievances,” *The New York Times*, September 1, 2002

Richard Butler, former U.N. Weapons Inspector. Butler asserts that Hussein violated international law by denying U.N. weapons inspections and that Iraq already possesses WMD. Because Iraq has avoided any inspection or monitoring of its WMD programs since 1998, he argues that the international community needs to take concrete steps to eliminate Iraq’s WMD by first insisting that Hussein adhere to current U.N. Security Council resolutions. Butler says that Iraq’s failure to comply with U.N. resolutions and the terms of non-proliferation agreements, including the Nuclear Proliferation Treaty and the Biological Weapons Convention, challenges the authority of the U.N. Security Council. Although Butler declares that regime change is desirable in Iraq, he does not believe it can be engineered from the outside. Butler recommends that the United States seek U.N. Security Council support to monitor WMD development in Iraq, to enforce sanctions aimed at limiting the financial activities of Iraqi leaders, and to prevent Iraq from importing other military equipment.

Butler, Richard. “Saddam’s Continuing Deceit,” *The Washington File*, September 5, 2002.

“Richard Butler: Should the U.S. Attack Iraq?” *CNN.com*, November 28, 2001.

Holman, Kwame. “Background: The Threat,” *PBS Online Newshour*, July 31, 2002.

Jimmy Carter, former President. Carter has stated that there is no current danger to the United States from Baghdad and that “a unilateral war with Iraq is not the answer” to Iraq’s continued development of WMD. Instead, he maintains, “there is an urgent need for U.N. action to force unrestricted inspections in Iraq.” He has urged the Administration to act with multilateral support within the U.N. system because, he has maintained, “unilateral acts and assertions increasingly isolate the United States from the very nations needed to join in combating terrorism.” Finally, Carter has expressed concern that in the event of a U.S. attack, he believes Iraq’s WMD would be used against Israeli or against American forces.

Carter, Jimmy. “The Troubling New Face of America,” *The Washington Post*, September 5, 2002.

Wesley Clark, former NATO Supreme Commander during the Kosovo Campaign. Clark has warned that war may not be the best way of dealing with Hussein because “you can get a strategically decisive result without having to use strategically decisive and destructive military power if you bring in the elements of the international law and the full diplomatic weight of the international community.” Clark suggests that Hussein might be less inclined to use WMD if the U.N. and the international community were behind a U.S. campaign against Iraq. According to Clark, the immediate urgency of the threat posed by Saddam must be determined before the Administration can justify an attack against Iraq. He argues that the current primary threat to U.S. security is al Qaeda and not Iraq, and that the United States would lose its focus in the war against terrorism if it began a war now against Iraq. Clark argues that the United States has time to engage in dialogue regarding Iraq and to gain international support for possible future military action. He recommends that the United States “takes the time to plan, organize, and do the whole job the right way. This will only take a few more weeks, and it’s important. It’s not just about winning a war – it’s also about winning the peace.”

Borger, Julian. “Rumsfeld Steps up Iraq War Talk,” *The Guardian*, August 21, 2002.
Clark, General Wesley K. “Let’s Wait to Attack,” *Time Magazine*, October 14, 2002.
Getler, Michael. “War and Peace,” *The Washington Post*, September 29, 2002.
Siegel, Robert. “Interview: Issue of War with Iraq from Theological, Political, and Military Perspectives,” *NPR All Things Considered*, September 27, 2002.

Robert Dole, former Senate Majority Leader. Dole states that Iraq poses a clear and present danger and that the United States must act accordingly: “Iraq is like a runaway freight train loaded with explosives barreling toward us. We can act to derail it or wait for the crash and deal with the resulting damage.” He also stressed the need for President Bush to consult with Congress and seek its approval for any attack on Iraq. He believes that U.N. authorization for war is not necessary and would undoubtedly fail if tried.

Dole, Bob. “The Path to Unity,” *The Washington Post*, September 1, 2002.

Lawrence Eagleburger, former Secretary of State. Eagleburger has expressed reservations over the prospect of regime change in Iraq and how it will affect the war on terrorism. If the United States pursues regime change in Iraq, he fears that the Administration will lose sight of the war on terrorism. According to

Eagleburger, it is imperative that the Administration wins the support of the international community and the American people: “Americans must be ready to accept the costs of such a war: a destabilized region, anger from Arab nations and the need to occupy Iraq and help set up a new government there.” Arguing that the Administration has sent conflicting messages regarding the immediacy of the Iraqi threat, Eagleburger has opposed an invasion unless it can be proven that Iraq does in fact possess nuclear weapons and that Hussein is prepared to use them. Eagleburger has argued that regime change does not constitute the best course of action at this stage.

Snow, Tony. “Transcript: Lawrence Eagleburger on FNS,” *Fox News Channel*, August 19, 2002.

Rolf Ekeus, former Executive Chairman of UNSCOM. Ekeus suggests a bolstering of the U.N. inspection system based on the existing U.N. Monitoring, Verification, and Inspection Commission (UNMOVIC): “The U.N. should take this opportunity to create a system of coercive or armed inspections in order to guarantee access to suspected weapons...” Because the degree to which Iraq possesses WMD is unknown, Ekeus argues that any obstruction of inspection efforts by Iraq should be met with immediate reaction, including the use of force if necessary.

Ekeus, Rolf. “Yes, Let’s Go Into Iraq,” *The Washington Post*, September 15, 2002.

Albert Gore, former Vice President. Gore argues that while the threat posed by Iraq is serious the United States should act within the rule of international law by first seeking a U.N. Security Council resolution to eliminate Iraq’s WMD through unconditional compliance. He warns that the Administration’s doctrine of preemption is too vague and that it is not necessary to justify military action. Gore further argues that the Administration has lost its focus on the war on terrorism by shifting to a potential war with Iraq.

Balz, Dan. “Gore Gives Warning on Iraq,” *Washington Post*, September 24, 2002.
Gore, Al. Speech Before the Commonwealth Club of San Francisco, September 23, 2002.

Richard C. Holbrooke, former U.N. Ambassador. Holbrooke maintains that international support is essential for a successful outcome in Iraq. He says that “the road to Baghdad runs through the United Nations Security Council.” Holbrooke warns that “if the administration refuses to try the Security Council route, it will weaken its position and lose support unnecessarily. Even an unsuccessful effort to obtain an airtight resolution will strengthen international support for Washington, which could then be based on earlier U.N. resolutions that Saddam Hussein has repeatedly violated.”

Holbrooke, Richard C. “Give Diplomacy More Time,” *The Washington Post*, September 7, 2002.

Hume, Brit. “Transcript: Richard Holbrooke on FNS,” *Fox News Channel*, September 1, 2002.

Robert E. Hunter, former US Ambassador to NATO.¹ Unlike others who borrow lessons from World War II for insight into a possible war against Iraq, Hunter examines the issue from the vantage point of the Vietnam War. In Vietnam, he maintains, the U.S. government did not sufficiently consider the “why” in dealing with Vietnam and was overly confident about the ease of winning a military victory. Today, the U.S. government should learn from the experience of Vietnam and openly discuss the situation with Iraq without hubris and with serious attention to experts, as well as recognizing the need for long-term nation-building in Iraq.

Hunter, Robert E. “Iraq Needn’t Be a Vietnam,” *The Los Angeles Times*, August 12, 2002.

George F. Kennan, former senior State Department official. Kennan warns there are always unintended consequences associated with going to war, and that this certainly applies to Iraq today. He claims that launching an attack on Iraq would result in a second war “that bears no relation to the first war against terrorism.” He further argues that gaining clear congressional and international support is essential to a positive outcome in Iraq.

Eisele, Albert. “At 98, Veteran Diplomat Declares Congress Must Take Lead on War with Iraq,” *The Hill*, September 25, 2002.

Henry Kissinger, former Secretary of State. Kissinger claims that Iraq’s possession of WMD violates U.N. resolutions and cannot be separated from the post-Afghanistan phase of the war against terrorism. Kissinger argues that overthrowing Hussein will benefit the war on terrorism by demonstrating that “the negative consequences of Jihad outweigh any potential benefits.” He challenges the U.N. to develop a control system that eliminates WMD in Iraq and contains procedures to prevent them from being rebuilt. Stressing that deterrence is an ineffective way to combat terrorism, Kissinger considers preemption an inherent component in the war on terrorism, but he has also expressed concern that this departure from traditional international convention could be used as a precedent by other countries: “it is not in the American national interest to establish preemption as a universal principle available to every nation.”

Kissinger, Henry A. Testimony before the Senate Foreign Relations Committee, September 26, 2002.

Scott Ritter, former U.N. Weapons Inspector. Ritter maintains that Iraq’s end game strategy is twofold: the removal of U.N. sanctions and the protection of its WMD capabilities. He argues that containment of Iraq is a failure and that it is time for the United States to adopt a policy of diplomatic engagement. “The truth is, Iraq is not a threat to its neighbors and it is not acting in a manner which threatens anyone outside its borders. Military action against Iraq cannot be justified.” Instead, Ritter urges the Bush Administration to require U.N. weapons inspectors to enforce current international law. After that, according to Ritter, if Hussein were to again

¹ North Atlantic Treaty Organization.

violate agreements, the United States would have established the moral and legal grounds for a major military action against Iraq.

Yacoub, Sameer N. "Ex-Arms Inspector Says Attack on Iraq Not Justified," *The Washington Post*, September 9, 2002.

Sweeney, Fionnuala. "Scott Ritter: Facts Needed Before Iraq Attack," *CNN.com*, July 17, 2002.

David Scheffer, former U.S. Ambassador-at-large for War Crimes.

Scheffer has questioned the logic and strength of Bush's argument for "such drastic and potentially catastrophic action." Scheffer proposes drafting a U.N. Security Council resolution to establish an international criminal tribunal to investigate and prosecute the Iraqi leadership: "Such a tribunal would confirm the evil character of the Iraqi regime. Its indictees would be subject to arrest. And its creation could pave the way for UN-authorized military action to neutralize any weapons and terrorism threats to bring about regime change with international support."

Scheffer, David J. "Try Him for His Crimes," *The Washington Post*, September 12, 2002.

James Schlesinger, former Secretary of Defense. Schlesinger claims that because of ongoing U.S. military action against Iraq since 1990 the concept of preemptive war does not apply. He states that "in the case of Iraq, preemption is limited to the obvious...meaning that, if we are to deal with Iraq, we should do so before Saddam Hussein acquires nuclear weapons in number." Although Schlesinger is optimistic that the U.N. will take a firm stance toward Iraq if President Bush and Congress are united in purpose, he questions the effectiveness of the U.N. Security Council.

Schlesinger, James. Statement before the Senate Armed Services Committee, September 25, 2002.

Norman Schwarzkopf, former CINC CENTCOM during Gulf War.

Schwarzkopf maintains that national and international support are necessary in order for any major U.S. attack on Iraq. Assessing Iraq's military capabilities and possible U.S. responses, he observes that the Iraqi military is comprised of about 400,000 active duty people, with 100,000 of that total affiliated with Hussein's Republican Guard and Palace Guard; the United States should not assume an easy outcome. Schwarzkopf has emphasized that at a minimum base rights in Turkey and Kuwait would be necessary in a military engagement.

Williams, Brian. "NBC News Meet the Press," Transcript for August 18, 2002.

Brent Scowcroft, former National Security Advisor. Scowcroft has argued that a military attack on Iraq at this time "would jeopardize, if not destroy, the global counter-terrorist campaign we have undertaken." According to Scowcroft, there is "scant evidence" that Saddam Hussein is tied to terrorism or, more specifically, to al Qaeda. Rather, he maintains, the strategies and goals of Saddam Hussein and al Qaeda are different, if not often opposed. To Scowcroft, Saddam Hussein "is a serious problem – he is not a problem because of terrorism." Scowcroft

calls for keeping the war on terrorism the main security priority. In his opinion, going to war with Iraq could undermine this task by dismantling the international coalition, which has, most importantly, provided essential intelligence information. Although the United States could certainly defeat Iraqi forces, it "would not be a cakewalk," would be expensive since the United States would be essentially acting alone, would likely be costly in human lives, and would result in a large-scale, long-term U.S. military occupation of Iraq afterwards. In addition to his focus on the war on terrorism, Scowcroft has emphasized the "dire consequences" for the Middle East: regional destabilization. Destabilization could help further Saddam Hussein's strategy to dominate the Persian Gulf by reducing international cooperation on the war on terrorism and increasing the numbers of terrorists. Scowcroft thus calls for the maintenance of the war on terrorism as the main security priority and urges the United States to focus on getting the U.N. Security Council to insist on an "effective non-notice inspection regime in Iraq."

"Interview: Brent Scowcroft discusses Iraq," NBC News: Meet the Press, September 15, 2002

Scowcroft, Brent. "Don't Attack Saddam," *The Wall Street Journal*, August 15, 2002.

George Shultz, former Secretary of State. Shultz lays out a moral case for war against Iraq, claiming that the danger is immediate and that Hussein must be removed. He affirms that diplomatic and economic alternatives have been exhausted; any further steps will give Hussein more time to develop his weapon systems. Since the Gulf War, Shultz argues that "no longer can anyone plausibly claim that Iraq's weapons of mass destruction can be eliminated by an inspection program. The Security Council's judgement still stands: A Saddam Hussein armed with weapons of mass destruction is not acceptable. Military force against Hussein is both necessary and authorized to rid Iraq of WMD." He asserts that self-defense is a valid basis for preemptive action.

Shultz, George P. "Act Now: The Danger is Immediate. Saddam Hussein Must be Removed," *The Washington Post*, September 6, 2002.

— "Terrorism: Hot Preemption," Remarks Delivered at the Dedication of the George P. Shultz National Foreign Affairs Training Center in Arlington, VA on May 29, 2002.

James Webb, former Secretary of the Navy. Although he recognizes the threat posed by Hussein, Webb has stated the concern that "a long-term occupation of Iraq would beyond doubt require an adjustment of force levels elsewhere, and could eventually diminish American influence in other parts of the world." He explains that wars often have unintended consequences and questions if the United States is prepared to physically occupy territory in the Middle East for the next 30 to 50 years. Webb has also criticized those who are pushing for a unilateral war because he judges that they have failed to articulate an exit strategy if the United States invades and stays in Iraq. He adds "it is also true that if we invade and occupy Iraq without broad-based international support, others in the Muslim world might be encouraged to intensify the same sort of efforts. And it is crucial that our national leaders consider the impact of this proposed action on our long-term ability to deter aggression elsewhere."

Webb, James. "Heading for Trouble: Do We Really Want to Occupy Iraq for the Next 30 years?" *The Washington Post*, September 4, 2002.

James Woolsey, former CIA Chief. Woolsey supports military action in the near-term in Iraq to replace Hussein and establish a democratic government. Woolsey believes: "There will be serious fighting, and we're going to have to use some U.S. forces. We can't do this all with indigenous forces the way we largely did in Afghanistan. If we get a change of regime in Baghdad and bring democracy to the Arab world, we change the whole face of the Middle East. There may be some temporary disruptions, yes, but the world is much better off by our beginning a movement toward democracy in this part of the world that really has none outside Israel and Turkey. The rest of the Middle East consists of pathological predators and vulnerable autocrats." Woolsey argues the necessity of both the ousting of Hussein and the establishment of a democratic regime in his place.

Gumbel, Andrew. "Colin Powell Joins Call for Regime Change," *The Independent*, August 4, 2002.

Usher, Anne. "Former CIA Chief: Iraq Was Involved in Terror Attacks," *The Independent*, October 23, 2001.

Columnists

William Arkin, Los Angeles Times. Arkin has been critical of Administration claims that the war on terrorism is successful because of its inability to anticipate the September 11th attacks and mitigate their effects, its failure to completely destroy al Qaeda and find bin Laden, its lack of success in dealing with the sources of terrorism, and its failure to assuage the concerns of the Arab world. As a result, he has questioned the ability of the Administration to prosecute a successful war against Iraq. Arkin voices concerns about the legitimacy of preemption, the inevitable unpredictability of warfare and its attendant consequences, and the absence of compelling evidence to take immediate major military action. He also has warned against creating "a world of permanent confrontation" in pursuing unilateral solutions in spite of what our friends and allies have to say.

Arkin, William M. "September 11 and the Wars of the World," *Presentation at the Naval War College*, September 25, 2002.

Arnaud de Borchgrave, Washington Times. De Borchgrave argues that recent congressional hearings on Iraq (July 31 – August 1, 2002) "punctured" some of the popular assumptions about war against Iraq. For him, the hearings showed that a U.S. invasion of Iraq would be no "cakewalk" and that plans for a post-Hussein democratic Iraq were not realistic. He argues the Kurds and Shiites probably would seek to become autonomous and thus make post-Hussein political reconstruction difficult. In the event of war, de Borchgrave maintains that the United States must be prepared to shoulder the costs of not only the military operation itself, but also long-term nation building in Iraq. Given the views of European countries, including Britain (with the exception of British Prime Minister Tony Blair), he concludes the United States would be acting alone in this endeavor.

de Borchgrave, Arnaud. "Puncturing the Assumptions," *The Washington Times*, August 7, 2002.

James Fallows, Atlantic Monthly. Fallows states that although most observers assume that the United States will go to war with Iraq and win, it actually means that the United States will become responsible for any post-Hussein Iraq. This would make Iraq a kind of 51st state, he says. The United States would bear this responsibility because it lacks an international coalition and would likely face international opposition. This responsibility would entail a substantial financial investment in Iraq over a long period. Fallows details a number of challenges he believes the United States would face: provision of humanitarian aid, the capture of Hussein himself, the identification of a new Iraqi leader, formation of new federal and local governments, local policing and border patrol, infrastructure reconstruction, maintenance of Iraq's territorial integrity, bringing to justice those responsible for the old regime's brutality, long-term democratization comparable to the occupation of Japan but without the same legitimacy, defending oil production from terrorist attacks, and forgiveness of Iraqi debt and war reparations. According to Fallows, those such as Richard Perle and Paul Wolfowitz, who argue that regime change could lead to democratization throughout the Middle East, must also assume and have to deal with the long-term presence of the United States in Iraq.

Fallows, James. "The Fifty-first State?" *The Atlantic Monthly*, November 2002.

Thomas L. Friedman, New York Times. According to Friedman, if the United States decides to remove Hussein from power it will be responsible for nation-building in Iraq. By nation-building, Friedman generally means a process of democratization, through which Iraq gradually would introduce authentic political parties, competitive and fair elections, increased freedom of the press, and greater judicial independence. Judging from the current political and social situation in Iraq, he has argued, nation-building in Iraq will be long, costly, and difficult, but it is essential in order to avoid another dictatorship. To help defray these long-term costs and to avoid the appearance of neocolonialism in Iraq, he argues the United States must have international support, preferably U.N. support. Friedman further argues that, if the United States is not willing to take on the necessary costs and long-term commitment of this nation-building, then the United States should continue a strategy of containment and deterrence.

Friedman, Thomas L. "Anyone Seen Any Democrats Lately?," *The New York Times*, Oct. 6, 2002.

- "You Gotta Have Friends," *The New York Times*, September 29, 2002.
- "Iraq Without Saddam," *The New York Times*, September 1, 2002.
- "Bush's Mideast Sand Trap," *The New York Times*, August 21, 2002.
- "Bush's Shame," *The New York Times*, August 4, 2002.

Robert G. Kaiser, Washington Post. Kaiser has criticized the Bush Administration's current focus on unilateralism and calls instead for a return to the multilateralism that has characterized the war on terrorism. In his view, unilateralism – for example, in abandoning the ABM Treaty and in not seriously engaging with U.S. allies in its drive toward preemptive war on Iraq – has weakened a nearly unanimous international coalition against terrorism. According to Kaiser, the issues

of unilateralism and multilateralism could be better understood if there were a serious discussion about the global role, means, and goals of the United States.

Kaiser, Robert G. "The Long and Short of It; The War on Terrorism Began So Well. Then the Focus Changed. What Is the Bush Administration Aiming To Do Now?" *The Washington Post*, September 8, 2002.

Charles Krauthammer, Washington Post. Krauthammer favors a preemptive strike against Iraq and argues that the inspections regime is useless. He has argued that a preemptive strike must not be delayed because the risk posed by Iraq only increases with time. Krauthammer argues that there is no real difference between the unilateralists and multilateralists in the debate over Iraq. Both sides agree that regime change and destruction of weapons of mass destruction are necessary in Iraq. Both sides want U.N. support for any attack on Iraq, he argues. At the same time, he also maintains, both sides agree that if the U.N. does not support the United States, then the United States should act unilaterally. He argues that U.N. support is neither necessary nor desirable because the Security Council's permanent members, France, Russia, and China, would essentially be making the decision for the United States, and they have supported Hussein in the UN.

Krauthammer, Charles. "What Good Is Delay?" *The Washington Post*, October 7, 2002.

— "The Myth of 'U.N. Support,'" *The Washington Post*, October 4, 2002.

— "Fictional Rift," *The Washington Post*, September 13, 2002.

William Kristol, Weekly Standard. To Kristol, the United States must pursue aggressively regime change because the risks of inaction are greater than the risks of preemption. Kristol has called critics of the Bush Administration's policy of regime change in Iraq "appeasers" and thus supporters of Hussein. Kristol promotes President Bush's vision of a "morally grounded foreign policy that seeks aggressively and un-apologetically to advance American principles around the world."

Kristol, William. "The Axis of Appeasement," *The Weekly Standard*, August 26-September 2, 2002.

Frank Rich, New York Times. Rich has argued that the Bush Administration is using the issue of war against Iraq to divert attention from serious U.S. economic problems. He believes that the Bush Administration is not presenting truthfully the human and financial costs of a possible war.

Rich, Frank. "The Jack Welsh War Plan," *The New York Times*, September 28, 2002.

William Safire, New York Times. Safire has argued for the necessity of military action against Iraq for many reasons. First, to Safire, destroying Iraq's weapons of mass destruction and regime change are inseparable goals. Safire once asserted that Hussein was connected to al Qaeda, but subsequently acknowledged that although he believes this, clear evidence is lacking. In general, Safire argues that Hussein should be removed so that he can no longer threaten the United States; second, he believes a military attack on Iraq would discourage other nations from supporting terror groups; and, third, removal of Hussein would make "the Middle

East safe for democracy,” which would help the United States and all of the Middle East.

Safire, William. “Saddam’s Last Ploy,” *The New York Times*, October 7, 2002.

— “Of Turks and Kurds,” *The New York Times*, August 26, 2002.

— “Saddam and Terror,” *The New York Times*, August 22, 2002.

George F. Will, Washington Post. Will is a proponent of a broad war on terrorism that includes the war to date against al Qaeda and a future attack on Iraq, but also states that Congress should be involved in the process. According to Will, Hussein poses an immediate threat to the United States and the Middle East and must be removed. Will also justifies Hussein’s removal because he believes al Qaeda is active in Iraq. But he recognizes that because this would be a unique, preventive war, the Bush Administration does not have a self-evident *casus belli* (an event that provokes, leads to, or is used to justify war). Will therefore argues that “the uniquely virulent constellation of four factors – Hussein’s character, the terrorists’ war against the United States, the various intersections of Iraqi policy with the culture and apparatus of terrorism, and the technologies of mass destruction developed in the last 57 years – constitute a new kind of *casus belli*.” Using this moral justification, or *casus belli*, the Bush Administration then must seek support from the Congress before proceeding against Iraq.

Will, George F. “Lessons of 9/11 – and 12/7,” *The Washington Post*, September 8, 2002.

— “Unprecedented Yet Defensible,” *South Florida Sun-Sentinel*, September 1, 2002.

— “A Mideast Specter: Modernity,” *The Washington Post*, August 15, 2002.

— “A Vote for War,” *The Washington Post*, August 9, 2002.

Policy Analysts

Fouad Ajami, Professor and Director, Middle East Studies, SAIS².

Ajami has argued that the United States must no longer support the *status quo* and the policy of containment in the Middle East. Instead, he asserts there must be regime change particularly in Iraq, as well as in Palestine. The war against Iraq would be a just and necessary war, he maintains. Even if there is no direct link between Iraq and the September 11th attacks, Hussein’s survival in power has nurtured the culture of Arab radicalism. Ajami expresses optimism about a post-Hussein Iraq, stating that Iraqis will be grateful for the arrival of the United States: “We shall be greeted, I think, in Baghdad and Basra with kites and boom boxes.”

Ajami, Fouad. “America’s Burden,” *U.S. News & World Report*, November 11, 2002.

— “Where Nuance had its Chance,” *U.S. News & World Report*, August 5, 2002.

Von Drehle, David. “Debate over Iraq Focuses on Outcome,” *The Washington Post*, October 7, 2002.

Eliot Cohen, Professor and Director, Strategic Studies, SAIS.

Because Hussein presents a threat to international peace, Cohen advocates regime

² Johns Hopkins University, The Paul H. Nitze School of Advanced International Studies.

change in Iraq through an international coalition. He points out that Clausewitz wrote that war is a continuation of politics by other means, but the opposite is true in Iraq: “Policy is a continuation of war by other means.” He maintains that the United States has been at war with Iraq since 1991, and “only the level of violence has changed, not the substance of the relationship or the intentions of the Iraqi regime.” Cohen concludes that deterrence, through U.N. inspections and sanctions, is no longer a viable option. He acknowledges that the transition from totalitarian rule to democracy will take time, but that it should be possible to establish a moderate regime that would secure basic civil liberties for the Iraqi people.

Cohen, Eliot A. Testimony before the House Armed Services Committee, October 2, 2002.

— “Generals, Politicians, and Iraq,” *The Wall Street Journal*, August 14, 2002.

Anthony Cordesman, CSIS.³ Cordesman has argued that the United States must go to war now with Iraq: “The situation won’t get any better. If you don’t deal with the Iraqi threat now, whether they’ve pre-positioned [WMD] or not, presumably they can make the threat more sophisticated over time.” He states that in order to mount an offensive against Iraq, the United States must have at least some minimum level of allied support and access to bases, a national commitment to use adequate force, and a willingness to conduct nation-building in Iraq over the long term. He states that at this point, U.N. support is less critical than allied support in the Middle East. Cordesman encourages the Administration to develop a clear exit strategy and a nation building plan for Iraq: “We will not be judged by how we go to war, we will not be judged by how we fight this war; we will be judged by what happens after this war and by the way we deal with Iraq in the region once the war is over.” He believes that the United States will win decisively, but that it will face significant peacekeeping difficulties in the aftermath.

“War with Iraq: A Cost-Benefit Analysis,” Middle East Policy Council, Thirtieth in the Capitol Hill Conference Series on U.S. Middle East Policy, October 9, 2002.

Frank Gaffney, Jr., Center for Security Policy. Gaffney argues for unilateral regime change in Iraq. In his view, the Bush Administration should consult with the UN, but then take unilateral action. He cites the apparent lack of international concern over the Administration’s decision to abandon the ABM Treaty as a rationale supporting his view that unilateralism is not inherently dangerous or destabilizing. But he warns that in seeking international support, the Bush Administration risks being tempted to abandon its commitment to regime change. According to Gaffney, regime change, not just the removal of Hussein, is essential in order to truly disarm and genuinely liberate Iraq.

Gaffney, Frank. “Confronted by Temptations,” *The Washington Times*, October 8, 2002.

— “A Model for Iraq?” *The Washington Times*, September 10, 2002.

³ Center for Strategic and International Studies.

Morton Halperin, Council on Foreign Relations. Halperin has argued for a “containment-plus” strategy. To Halperin, Hussein can still be contained, but the United States should go beyond existing sanctions. “Containment-plus” would include tightening the economic embargo of materials for weapons construction, reducing Iraq’s receipt of hard currency outside U.N. sanctions, providing opposition groups new assistance, and helping develop a consensus among Iraqi groups about the nature of the future Iraqi state. Halperin criticizes prospective military action because it assumes, “irresponsibly,” that the war will be short and regime change will be orderly. Halperin argues that the United States has to recognize the human, long-term financial, and security costs of military action. “Containment-plus,” he maintains would allow the United States to devote its resources to the war on terrorism, the Israeli-Palestinian dispute, the situation in Kashmir, reconstruction in Afghanistan, and reducing poverty in the developing world, which would help to reduce terrorism in the long term.

Halperin, Morton. “Options for Iraq-U.S. Policy,” *The San Diego Union-Tribune*, August 11, 2002.

Geoffrey Kemp, Nixon Center. Kemp focuses on the possible unintended consequences of war. He discusses the potential responses of Iran and Europe, in particular. Although Iran has serious concerns with Iraq, Iran would prefer a “contained” Iraq. Iran also finds the United States to be a greater threat than Iraq, especially with U.S. assertions about an “axis of evil” and U.S. calls for regime change through preemptive military action in Iraq. During and after the war, it is possible that Iran would be neutral, he points out, but it is plausible that Iran could mount a military response against the United States, depending on the situation. To Kemp, European support for military action in Iraq is highly desirable, but not essential. But he warns that European support would be essential if war against Iraq became protracted.

Kemp, Geoffrey. Testimony: “U.S. Senate Committee on Foreign Relations holds a hearing on threats, responses and regional considerations surrounding Iraq, Part 2,” July 31, 2002.

Michael Ledeen, American Enterprise Institute. Ledeen’s argument is similar to that of Perle, Wolfowitz, and Woolsey. Ledeen also argues that we should view the war against Iraq as a war of liberation that will spread to the rest of the Middle East and liberate the region from tyranny and the world from terrorism. In this war of liberation, he advocates that the United States should recognize the democratic Iraqi opposition and call upon the Iraqi people to move to the Iraqi no-fly zones.

Ledeen, Michael. “The War Won’t End in Baghdad,” *The Wall Street Journal*, September 4, 2002.

Jessica Mathews, Carnegie Endowment for International Peace. Mathews has coined an approach that she considers is “a middle ground between an unacceptable status quo that allows Iraqi WMD programs to continue and the enormous cost of invasion.” She advocates coercive international inspections. This would require a credible military commitment as the backbone of a tough inspections

regime. She argues against sending U.N. inspectors back into Iraq on Baghdad's promise of cooperation and under the old rules. Instead, Mathews advocates creating a "powerful, American-led multinational military force...that would enable the inspection teams to carry out 'comply or else' inspections. If they refused to accept, or obstructed the inspections, regime change (preferably under a U.N. mandate) would be back on the table." Long-term success would require sustained unity of purpose among the major powers. Mathews argues that this approach would strengthen, rather than undermine, cooperation needed by the United States to successfully prosecute the war on terrorism: if successful, it would reduce Iraq's WMD threat to negligible levels; if a failure, it would lay an operational and political basis for a transition to a war to oust Hussein. Thus, "the burden of choosing war is placed squarely on Saddam."

Mathews, Jessica. "Arming the Arms Inspectors," *The New York Times*, September 19, 2002.

— "Iraq: A New Approach," Carnegie Endowment Report, September 2002.

Gary Milhollin, Wisconsin Project on Nuclear Arms Control, and Kelly Motz, IraqWatch.org. Milhollin and Motz argue that U.N. inspections will not work; the only solution is to remove Hussein. According to Milhollin and Motz, continued inspections will fail because of the new inspections group, the U.N. Monitoring, Verification and Inspection Commission (UNMOVIC). Unlike its predecessor, UNSCOM, UNMOVIC has little experience in Iraq, will likely be restricted in its actions by the U.N. bureaucracy, and will have less access to intelligence information. In general, inspectors can only verify that a country's declarations about a weapons program are honest and complete. Because accurate information will not be provided by the Iraqi government, Milhollin and Motz argue that Hussein's government must be removed to ensure an effective inspections regime in Iraq.

Milhollin, Gary. "Why Iraq Will Defeat Arms Inspectors," *The New York Times*, September 16, 2002.

Issue Brief for Congress

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Iraq: Former and Recent Military Confrontations With the United States

SUMMARY

Efforts by Iraq to impede U.N. weapons inspections since late 1997 and to challenge the allied-imposed no-fly zones over northern and southern Iraq have resulted in further confrontations with the United States and its allies. A decision by Iraq to ban almost all U.N. inspections on October 31, 1998, led the United States and Britain to conduct a 4-day air operation against Iraq on December 16-20, 1998 (Operation Desert Fox). The two allies launched approximately 415 missiles and dropped more than 600 bombs targeted at Iraqi military and logistical facilities.

Since the December 1998 operation, the United States and Britain have carried out air strikes against Iraqi air defense units and installations on a frequent basis, in response to Iraqi attempts to target allied aircraft enforcing no-fly zones over northern and southern Iraq. On October 7, 2001, following the September 11 terrorist attacks on the United States, the U.S. Ambassador to the United Nations warned Iraq not to move against Iraqi opposition groups or attack its neighbors while the United States was involved in its campaign against terrorism.

According to the U.S. Defense Department as of late November 1998, expanded military operations and crisis build-ups in the Gulf since the 1991 war had cost a total of \$6.9 billion. Incremental costs of these operations amounted to approximately \$1.6 billion in FY1998, 1.3 billion in FY1999, \$1.1 billion in FY2000, and \$1.1 billion estimated in FY2001. A news report on July 26 estimated that the cost of enforcing no-fly zones is likely to approach \$1 billion during FY2002. These figures do not include costs resulting from

operations in Afghanistan or from a possible expansion of the campaign against terrorism to target Iraq.

Erosion of the former allied coalition and U.S. force constraints limit some military options. Although some Arab states, notably Kuwait and Saudi Arabia, host U.S. aircraft enforcing no-fly zones, no Arab states with the exception of Kuwait have publicly supported allied air strikes against Iraq. At an Arab summit conference on March 27-28, 2002, the attendees welcomed Iraqi assurances that it would respect the independence of Kuwait, called for respecting the integrity of Iraq, and announced its "categorical rejection" of attacking Iraq.

President Bush remains committed to regime change in Iraq, and media reports indicate that a range of military options are under consideration to meet the President's objective. Some officials and analysts have called for expansion of no-fly zones over Iraq. Others support covert operations to inflict damage on key Iraqi facilities and build a viable opposition to the regime. According to press articles, some U.S. officials favor more strikes against Iraq even in the absence of evidence linking it to the September attacks, in view of its efforts to acquire mass destruction weapons, refusal to readmit U.N. weapons inspectors, and long-standing support for terrorism. On October 10 and 11, 2002, the House and Senate, respectively, passed H.J.Res. 114, which authorizes the President to use military force to defend U.S. national security against the continuing threat from Iraq and to enforce all relevant U.N. Security Council resolutions regarding Iraq.

MOST RECENT DEVELOPMENTS

In a speech to the U.N. General Assembly on September 12, 2002, President Bush described the regime of Iraqi President Saddam Hussein as “a grave and gathering danger” and added that “Iraq has answered a decade of U.N. demands with a decade of defiance.” He went on to say that the United States wants the U.N. to be effective and is prepared to work with the U.N. Security Council to meet the current challenge by Iraq. In a subsequent speech in Cincinnati on October 7, the President spoke of Iraq’s continued efforts to develop weapons of mass destruction (WMD) and said “I hope this will not require military action, but it may.”

On October 10, by a vote of 296 to 133 (Roll no. 455), the House of Representatives passed H.J.Res. 114, which authorizes the President to use the U.S. armed forces to defend the national security of the United States against the continuing threat posed by Iraq and enforce all relevant U.N. Security Council resolutions regarding Iraq. The Senate passed H.J.Res. 114 by 77-23 (Record Vote No: 237) on October 11.

BACKGROUND AND ANALYSIS

This issue brief covers the most recent U.S.-Iraqi confrontations, which began in the fall of 1998. It summarizes events that led to the crisis, the allied military build-up, military strikes against Iraq, international reactions, costs, and options for U.S. policy makers. It does not cover developments in the war in Afghanistan, except insofar as they may relate to the U.S.-Iraqi confrontation. For further information on previous U.S.-Iraqi confrontations, see CRS Report 98-386, *Iraq: Post-War Challenges and U.S. Responses, 1991-1998*.

Since the cease-fire of March 3, 1991, that ended the Persian Gulf war (Operation Desert Storm), the United States has resorted on several occasions to the use or threat of force against Iraq. Some of these incidents resulted from Iraqi challenges to U.N. cease-fire terms that followed the war. Others resulted from bilateral issues between Iraq and the United States and its allies.

A principal factor in the most recent confrontation was Iraq’s failure to cooperate fully with U.N. weapons inspectors. The inspection regime, established by U.N. Security Council Resolution 687 adopted on April 3, 1991, is designed to identify and dismantle Iraq’s programs to develop weapons of mass destruction (WMD), including chemical, biological, and nuclear warfare systems as well as missiles capable of delivering them. Two agencies are charged with conducting these inspections: the U.N. Special Commission on Iraq (UNSCOM), which deals with chemical, biological, and missile systems; and the International Atomic Energy Agency (IAEA), which deals with Iraqi nuclear weapons programs. Since the inception of the inspection regime, Iraq has obstructed its work in various ways:

- ! False, misleading, or incomplete responses to questions posed by inspectors;
- ! Interference by Iraqi escorts with the conduct of inspections;
- ! Denial of access to “sensitive” sites on grounds of national security;

- ! Removal of or tampering with material evidence of weapons programs; and
- ! Attempts to exclude U.S. personnel from inspection teams.

On seven occasions between 1991 and 1993, the U.N. Security Council found Iraq in “material breach of cease-fire terms”; however, the Council has not issued a finding of “material breach” since June 17, 1993, despite subsequent Iraqi provocations. According to news reports, some Council members are reluctant to agree to another such finding, which they think might provide the basis for an attack on Iraq.

Another factor contributing to the recent confrontation was Iraqi violation of the no-fly zones imposed by the United States and its allies over portions of northern and southern Iraq. U.S. and British aircraft (and formerly French aircraft) have conducted overflights of northern and southern Iraq since 1991 and 1992, respectively, to enforce the bans on Iraqi aircraft in these zones. The allied overflights are known as Operation Northern Watch and Operation Southern Watch and are designed to exclude Iraqi aircraft from flying north of the 36th parallel and south of the 33rd parallel, respectively. The southern zone, covering 227,277 square kilometers (87,729 square miles) is larger than the northern zone, which covers 43,707 square kilometers (16,871 square miles), but Iraqi air defenses reportedly are thicker in the northern zone. Together, these zones cover 270,985 square kilometers (104,600 square miles), or 62% of Iraqi territory.

U.S. officials base the no-fly zones primarily on U.N. Security Council Resolution 688 of April 5, 1991, which demands that Iraq end repression of its population (notably Kurds in the north and Shi’ite Muslims in the south), and on the military cease-fire agreements after the Gulf war (the Safwan Accords), which forbid Iraq to interfere with allied air operations over Iraq. Some countries question this interpretation, arguing that Resolution 688 was not passed under Chapter VII provisions (peace and security) and does not by itself permit military action to enforce its terms. Iraq maintains that the no-fly zones constitute an illegal infringement on its sovereignty and has occasionally fired on allied planes conducting overflights to enforce these zones.

Events of the Crisis

Forerunner Episodes

Between mid-1993 and 1996, UNSCOM personnel were able to carry out their inspections of Iraqi weapons programs with relatively little interference by the government of Iraq. Increasing attempts by Iraq in 1997 to impede U.N. weapons inspections and to exclude U.S. personnel from UNSCOM teams prompted demands by the U.N. Security Council that Iraq cease its interference or face further sanctions. A Russian undertaking in November 1997 to seek “balanced representation” in UNSCOM membership temporarily averted a crisis; however, tensions mounted again in January 1998, as Iraq once more barred U.S.-led teams from conducting inspections and declared several “sensitive sites” off limits to U.N. inspectors. After a month of intensive diplomacy and a continuing build-up of U.S. forces in the Persian Gulf region, the Iraqi Deputy Prime Minister and the U.N. Secretary General signed an agreement with the following provisions:

- ! Reconfirmation by Iraq that it accepts relevant U.N. resolutions
- ! Commitment of U.N. member states to “respect the sovereignty and territorial integrity of Iraq”
- ! “Immediate, unconditional, and unrestricted access” by UNSCOM and IAEA within Iraq, with respect for Iraqi concerns relating to “national security, sovereignty, and dignity”
- ! Special procedures to apply to inspections at eight “presidential sites” defined in an annex to the agreement
- ! Efforts to accelerate the inspection process, and an undertaking by the Secretary General to bring to U.N. Security Council members the concerns of Iraq over economic sanctions.

On March 3, the U.N. Security Council unanimously passed Resolution 1154, co-sponsored by Britain and Japan, which commended the initiative of the Secretary General in security these commitments from Iraq, stressed that Iraq must comply with its obligations, and warned that any violation of these terms or other Security Council resolutions “would have the severest consequences for Iraq.” Although inspections during the spring of 1998 proceeded relatively smoothly, many questions concerning Iraq’s weapons programs remained unresolved. Also, Iraqi spokesmen continued periodically to warn of a new crisis if economic sanctions were not quickly removed.

December 1998 Air Strikes

After a lull of several months, tensions mounted in August 1998, as Iraq began to challenge U.N. operations once more. On August 5, Iraq announced that it would no longer allow UNSCOM to inspect new facilities, and followed with a ban on all remaining UNSCOM activities on October 31. U.S. officials described Iraq’s actions as unacceptable, as did some other members of the Security Council. Resolution 1205 of November 5, which demanded that Iraq rescind its bans on U.N. weapons inspection activities and resume full cooperation with UNSCOM, did not specifically mention use of force; however, U.S. officials emphasized again that all options are open including military force to compel Iraqi compliance. On November 11, the United Nations evacuated more than 230 staff personnel from Baghdad, including all weapons inspectors, as the United States warned of possible retaliatory strikes against Iraq.

As U.S. forces were on the verge of conducting air and missile strikes against Iraq on November 14, the Clinton Administration delayed them for 24 hours upon learning that Iraq had agreed to resume cooperation with UNSCOM. After further negotiations, Iraq agreed in a letter to the Security Council on November 15 to provide unconditional cooperation to UNSCOM and rescind its ban on UNSCOM activities. The Administration then canceled the planned strikes; however, the President warned that Iraq must fulfill its obligations. Specifically, in a news conference on November 15, he listed five conditions Iraq must fulfill to meet the criteria of unconditional cooperation:

- ! Resolution of all outstanding issues raised by UNSCOM and the IAEA.
- ! Unfettered access for inspectors with no restrictions, consistent with the February 23 memorandum signed by Iraq.
- ! Turnover by Iraq of all relevant documents.

- ! Acceptance by Iraq of all U.N. resolutions related to mass destructions weapons.
- ! No interference with the independence or professional expertise of weapons inspectors.

Despite its pledges on November 14-15, Iraq began to impede the work of U.N. weapons inspectors once more, according to statements by UNSCOM Chief Butler on December 8. On December 15, Butler submitted a report in which he concluded that “Iraq did not provide the full cooperation it promised on 14 November 1998” and “initiated new forms of restrictions upon the Commission’s work.” On December 15, Butler withdrew remaining UNSCOM inspectors from Iraq, saying that they could no longer perform their mission. On the following day, then President Clinton directed U.S. forces to strike military and security targets in Iraq. He described the mission as “to attack Iraq’s nuclear, chemical and biological weapons programs and its military capacity to threaten its neighbors.”

Attacks began on December 16, 1998, at 5:06 p.m. EST (December 17 at 1:06 a.m. Baghdad time) in an operation known as Desert Fox, as U.S. forces launched over 200 cruise missiles (officials declined to give an exact number) at over 50 targets in Iraq, from the aircraft carrier *U.S.S. Enterprise*, other Navy ships in the region, and some 70 Navy and Marine Corps aircraft. According to some media reports, B-52 bombers based in the Indian Ocean island of Diego Garcia took part as well. British forces also joined in the attacks. A second wave of attacks took place on the evening of December 17-18, involving approximately 100 cruise missiles (but with larger warheads than those used in the first wave of attacks) and B-52 bombers, again with British participation. B-1 bombers joined the attack during the third wave (evening of December 18-19), marking the first combat operations for this aircraft. After the fourth wave of attacks (evening of December 19-20), President Clinton halted the 72-hour operation (code named Operation Desert Fox) on December 20. Senior U.S. officials warned that the United States would repeat its attacks as often as necessary to prevent Iraq from continuing programs to develop mass destruction weapons.

During Operation Desert Fox, U.S. and British forces launched approximately 415 cruise missiles (325 Tomahawks fired by Navy ships and 90 air launched cruise missiles mainly by B-52s) and dropped more than 600 bombs. According to reports by the U.S. Department of Defense, the 97 targets of allied attacks included lethal weapons production or storage facilities (11), security facilities for weapons (18), Iraqi Republican Guards and other military facilities (9), government command, control, and communications facilities (20), air defense systems (32), airfields (6), and one oil refinery. According to preliminary Defense Department assessments on December 20, 10 targets were destroyed, 18 severely damaged, 18 moderately damaged, 18 lightly damaged, and 23 not yet assessed. A second assessment on December 21 cited a total of 98 targets, of which 43 were severely damaged or destroyed, 30 moderately damaged, 12 lightly damaged, and 13 not damaged. The U.S. theater commander described the estimates as conservative, pointing out that even lightly damaged facilities can be rendered unusable. There were no U.S. or British casualties. According to the Iraqi Deputy Prime Minister, the allied action killed 62 Iraqi military personnel (including 38 Republican Guards) and wounded 180; there have been no estimates of Iraqi civilian casualties. Chairman of the Joint Chiefs of Staff General Harry Shelton told the Senate on January 5, 1999, however, that allied strikes killed or wounded an estimated

1,400 members of Iraq's elite military and security forces (600 from the Special Republican Guard and 800 from the Republican Guard).

Further Actions

A series of follow-on military actions have occurred since December 28, 1998, as Iraqi air defenses have tried to target U.S. and British aircraft patrolling the no-fly zones and Iraqi aircraft have made brief intrusions into the zones. U.S. Air Force and Navy aircraft, as well as British aircraft, have responded to Iraqi challenges with anti-radiation missile strikes directed against Iraq air defense and command and control installations and have fired at intruding Iraqi aircraft. Before Operation Desert Fox, U.S. responses to Iraqi violations of the no-fly zones were usually confined to the immediate source of the violation, i.e., an air defense battery or an intruding Iraqi aircraft. On January 27, 1999, authorities expanded rules of engagement to allow U.S. aircraft to target a wider range of Iraqi air defense systems and related installations in response to Iraqi violations of the no-fly zones. In congressional testimony on March 23, 2000, a Defense Department official said operational commanders have been given additional flexibility in responding to Iraqi provocations; under the current rules of engagement, pilots may respond not only by defending themselves but also by acting to reduce the overall Iraqi air defense threat to coalition aircraft.

Official Iraqi media reported on January 3, 1999 that President Saddam Hussein condemned the no-fly zones as illegal and said his people would resist them with "bravery and courage." The Iraqi President followed up by offering a \$14,000 bounty to any unit that succeeded in shooting down an allied plane and an additional \$2,800 reward for capturing an allied pilot. Allied officials state that no U.S. or British manned aircraft have been lost, despite Iraqi claims to the contrary. (For example, on September 13, 2000, an Iraqi air defense spokesman asserted that Iraqi air defense units had shot down 10 allied aircraft since December 17, 1998.) Similarly, allied officials have dismissed an Iraqi claim on June 15, 2000, that Iraq had shot down or intercepted 100 U.S. high-speed anti-radar missiles (HARM) used by allies to target Iraqi radar.

Iraq has claimed that allied air strikes have killed a number of Iraqi civilians. In a note to the U.N. Human Rights Commission released by U.N. officials on March 26, 2001, the Iraqi government protested that allied air strikes had killed 315 and wounded 965 Iraqis, all civilians; the note described the allied overflights as a violation of international law. Subsequently, the Iraqi government claimed that a U.S.-British air strike on June 20, 2001 killed 23 Iraqis and injured 11 others participating in a soccer game near the city of Mosul in northern Iraq. U.S. and British officials have denied some Iraqi reports of civilian casualties and have attributed others to the Iraqi practice of placing air defense weapons in close proximity to populated areas, thus using nearby residents as human shields.

Iraq reportedly has succeeded in extending the range of some of its older model air defense missiles and has made its communications less vulnerable by installing fiber optic cable, reportedly with Chinese assistance. On July 31, 2001, U.S. Defense Department spokesman Rear Admiral Quigley told reporters that Iraq has shown "a considerably more aggressive stance in trying to bring down a coalition aircraft." He noted continuing provocations by Iraq against allied aircraft over the two no-fly zones, especially in the southern zone, and allied retaliations (number of days on which allied aircraft have struck Iraqi targets in response):

- ! Southern Watch: 221 provocations in 2000 (18.4 per month); 370 in the first seven months of 2001 (30.8 per month).
- ! Northern Watch: 145 provocations in 2000 (12.1 per month); 62 in the first seven months of 2001 (8.9 per month).

In response, allied forces conducted strikes on Iraqi targets in the Southern Watch area on 32 days in 2000 and 19 days during the first 7 months of 2001; in the Northern Watch area, on 48 days in 2000 and 7 days during the first 7 months of 2001.

According to a July 26, 2002 press report, a spokesman for U.S. European Command (which is responsible for Operation Northern Watch) gave the following statistics on the numbers of incidents in which Iraqi air defense units threatened U.S. or British aircraft: 143 in 1999; 145 in 2000; 97 in 2001; and 32 during the first six months of 2002. The press report cites the following figures on the number of times U.S. and British aircraft returned Iraqi fire: 102 in 1999; 48 in 2000; and 11 in 2001. (It is not clear whether these figures cover only Northern Watch or Southern Watch as well.) According to the same press report, a Pentagon spokesperson said U.S. and British combat aircraft returned fire from Iraq on 14 occasions over the southern zone and 8 occasions over the northern zone during the current *fiscal* year (i.e., beginning on October 1, 2001).

A more recent press report of October 8, 2002, quoting unnamed U.S. officials, indicated that allied aircraft had been fired upon 1,000 times during the past three years by Iraqi anti-aircraft batteries and by at least 60 surface-to-air missiles.

The February 2001 Strikes. A gradual escalation in military clashes became noticeable in 2001. On February 16, 2001, between the hours of 11:20 a.m. and 1:40 p.m. Washington, D.C. time, 24 U.S. and British combat aircraft struck five Iraqi air defense command-and-control installations, using precision guided munitions. According to a U.S. Defense Department spokesman, four of the five installations struck by the allied aircraft were located north of the 33rd parallel (the northern limit of the southern no-fly zone), but the aircraft themselves did not go north of the 33rd parallel. The spokesman noted that this was the first time since Operation Desert Fox that allied aircraft had hit targets outside the southern no-fly zone, although targets outside the northern zone had been struck during the fall of 1999. According to press reports, one goal of the allied strikes was to destroy a fiber optic cable network that Chinese were reportedly installing to upgrade the effectiveness of Iraqi air defense radars.

Subsequent press reports indicated that many of the munitions fired by allied units had missed their targets; according to these reports, a majority of the AGM-154A Joint Stand-Off Weapons (JSOWs) dropped by U.S. aircraft went astray, although two other types of “smart weapons” (AGM-130 guided missiles and Stand-Off Land Attack missiles) achieved somewhat more success. These alleged problems have been attributed by press sources to several possible factors: human error in programming, heavy wind, software defects, mechanical failure, or jamming of signals by Iraqis; officials reportedly believe the first two explanations are the most likely. Defense spokesmen have declined to identify the munitions used in the strikes.

Additional Strikes and Provocations. Since February 2001, allied forces have carried out several significant strikes against Iraqi air defense installations, including an Iraqi

mobile early warning radar in southern Iraq on April 19, an air defense site in northern Iraq on April 20, an air defense installation 180 miles southeast of Baghdad on May 18, and an air defense site in northern Iraq on August 7. On August 10, in the largest air strike since February, U.S. and British aircraft hit three installations: a surface-to-air missile battery 170 miles southeast of Baghdad, an associated long-range mobile radar system, and a fiber optic communications station 70 miles southeast of Baghdad. Before this strike, on July 29, U.S. National Security Advisor Condoleezza Rice told CNN that the Administration is contemplating the use of "military force in a more resolute manner" and said that "Saddam Hussein is on the radar screen for the Administration."

Meanwhile, some observers believe Iraqi air defense forces may be improving their ability to target allied aircraft. On July 24, 2001, Iraqi forces fired a surface-to-air missile at a U.S. high altitude U-2 reconnaissance aircraft, and Defense Department sources reportedly said the missile came close to hitting the plane. On three subsequent occasions Iraqis claimed to have shot down a U.S. Air Force RQ-1B Predator—an unmanned aerial vehicle (UAV or "drone")—over southern Iraq. U.S. Defense spokesmen acknowledged that the UAVs were lost but did not confirm that they had been shot down by Iraqi units. Conflicting reports indicate that a fourth Predator may have been lost on May 27, 2002; Iraq claimed to have forced an unmanned reconnaissance plane (nationality not indicated) on a mission over northern Iraq to land, while unnamed defense sources in Kuwait said a Predator malfunctioned and crashed in northern Kuwait. After the loss of the first Predator, press reports noted that if the Iraqi claim is correct, it would be the first time that a U.S. aircraft—albeit an unmanned aircraft—involved in enforcing the no-fly zones has been brought down by Iraqi fire.

Aftermath of the Terrorist Attacks. The Iraqi government was the only Middle East regime that did not send condolences to the United States after the September 11 attacks, although Iraq officials did express sympathy to several U.S. non-government organizations known to oppose U.S. containment policies toward Iraq. According to numerous press reports, U.S. officials have found no hard evidence of an Iraqi hand in the attacks or subsequent cases of anthrax, although some U.S. officials suspect Iraqi involvement. Some commentators have pointed to several alleged meetings in recent years between Iraqi intelligence officials and members of Osama bin Laden's Al Qaeda organization and speculated that Iraq could provide Al Qaeda with money and expertise on chemical and biological warfare. Other commentators counter that Saddam and bin Laden have different views and ideologies and note that Iraq has been trying recently to cultivate better relations with western countries in an effort to gain support for terminating economic sanctions imposed after Iraq invaded Kuwait in 1990. In testimony before the Senate Armed Services Committee on March 19, 2002, Director of Central Intelligence George Tenet said "the jury's out" regarding any Iraqi involvement in the September 11 attacks but added that "it would be a mistake to dismiss the possibility of state sponsorship, whether Iranian or Iraqi, and we'll see where the evidence takes us."

Debate over this issue continues in governmental and unofficial circles. During a speech in Cincinnati on October 7, President Bush pointed out that Iraq and Al Qaeda had a common enemy in the United States and stated that the two have had high-level contacts going back for a decade.

On October 11, U.S. Defense Department spokesmen were quoted as saying that there had been no significant increase in skirmishes between allied forces and Iraqi forces since the September 11 attacks. More recent press reports, quoting U.S. military officials, indicate that a two-month lull in Iraqi air defense activity after the September attacks proved short-lived and that Iraq subsequently resumed more aggressive engagements with allied aircraft enforcing the no-fly zones. A *Christian Science Monitor* article on October 8, 2002, noted that the long-standing low-level warfare between allied pilots and Iraqi air defense units is intensifying and could be a prelude to another Gulf war. According to the article, allied pilots are concentrating on command and control centers and higher profile targets, including two recent strikes on the airport at the southern city of Basra. They have also dropped leaflets warning personnel stationed at air defense units not to track or fire upon allied aircraft enforcing the no-fly zones.

Statements. On January 29, 2002, in his State of the Union address, President Bush described Iraq, Iran, and North Korea as constituting “an axis of evil.” During a speech on June 1, 2002 to graduating West Point cadets, President Bush promised to “confront regimes that sponsor terror” and said we must “confront the worst threats before they emerge,” while not mentioning Iraq directly. On July 9, a *New York Times* article quoted President Bush as making the following comments at a news conference on the previous day: “It’s the stated policy of this government to have regime change [in Iraq]. And it hasn’t changed. And we’ll use all tools at our disposal to do so.” On September 4, the President briefed leading Members of Congress on Iraq and gave them a letter, in which he stated among other things: “America intends to lead the way to make certain that the Saddam Hussein regime is not able to threaten anyone in the world with the world’s most devastating weapons” and added that “I am in the process of deciding how to proceed.” In a speech to the U.N. General Assembly on September 12, 2002, President Bush described the regime of Iraqi President Saddam Hussein as “a grave and gathering danger” and added that “Iraq has answered a decade of U.N. demands with a decade of defiance.” He went on to say that the United States wants the U.N. to be effective and is prepared to work with the U.N. Security Council to meet the current challenge by Iraq. In a subsequent speech in Cincinnati on October 7, the President spoke of Iraq’s continued efforts to develop weapons of mass destruction (WMD) and said “I hope this will not require military action, but it may.”

Force Deployments and Costs

Force Levels

U.S. force levels in the Persian Gulf region have fluctuated since the Gulf war of 1991. During the mid-1990s, U.S. forces in this area on an average comprised 15,000 to 20,000 personnel (many of them Navy and Marine Corps personnel embarked on ships), together with up to 200 aircraft and 20 ships (usually but not always including an aircraft carrier). After brief upsurges during the run-up to Operation Desert Fox in December 1998, force levels averaged somewhat higher, varying from 20,000 to 25,000, between 1998 and 2001. Most U.S. personnel in the region, including those conducting Operation Southern Watch, are assigned to the U.S. Central Command (CENTCOM), whose area of responsibility covers large parts of the Middle East, southern and central Asia, and northeast Africa. U.S. forces conducting Operation Northern Watch are based in Turkey and assigned to U.S. European

Command (EUCOM). The task forces responsible for enforcing the two no-fly zones are linked by a hot line and coordinate many of their operations.

U.S. and other allied forces in the region have increased significantly since the September 11 attacks. Recent official figures are not available; however, according to a February 24, 2002 *Washington Post* article, Defense Department officials said there are 60,000 U.S. troops in the CENTCOM area of operations, of which 4,000 are on the ground in Afghanistan. Many other troops in the CENTCOM area are involved in supporting allied operations in Afghanistan.

News media have reported a further build-up in the fall of 2002 in the Persian Gulf region amid increasing reports of expanding the war against terrorism to Iraq. The Navy and Air Force already have headquarters elements in the Gulf region, and during October the Defense Department reportedly ordered the Army's Fifth Corps and the 1st Marine Expeditionary Force to deploy headquarters elements to the region as well. The U.S. Central Command, which would have overall responsibility for a military operation against Iraq, plans to send 600 of its headquarters personnel to nearby Qatar. Though officially described as routine deployment in connection with a joint military exercise, the movement of CENTCOM personnel to Qatar could facilitate the establishment of a forward headquarters in the Gulf region, according to press speculation.

Costs

A Defense Department spokesman told reporters on November 17, 1998 that expanded military operations and crisis build-ups in the Gulf since the war in 1991 had cost a total of \$6.9 billion. Much of this figure represents the costs of enforcing the no-fly zones over northern and southern Iraq. Following are cost estimates for several other crisis build-ups and retaliatory operations undertaken by the United States between 1991 and 1997.

- ! Troop movements and retaliatory strikes against Iraq, December 1992-January 1993: \$400 million
- ! Troop deployments to counter Iraqi force movements, October 1994 (Operation Vigilant Warrior): \$257 million (partially defrayed by Kuwait and Saudi Arabia)
- ! Retaliatory strikes following Iraqi incursion into protected northern zone, August-September 1996 (Operation Desert Strike): \$102.7 million.

Incremental costs of U.S. operations in the Persian Gulf since FY1997 appear in **Table 1**. Official cost figures since FY2001 are not available. A press report on July 26, 2002, indicated that expenditures on Operations Southern Watch and Northern Watch were \$519.5 million and \$118 million, respectively, during the first eight months of FY2002 (October 2001 through May 2002) and are likely to reach almost \$1 billion by the end of the current fiscal year (September 30, 2002).

Britain, according to an August 23, 1999 *London Times* report, is spending approximately 4.5 million pounds (\$7.19 million at exchange rate of U.K. 1 pound=U.S. \$1.5974) per month on its deployments in the Gulf. Current figures are not available.

Table 1. Costs of Persian Gulf Operations
(in U.S. \$ millions)

Operation	FY1998	FY1999	FY2000	FY2001*
Southern Watch	1,497.2	933.2	755.4	678.0
Northern Watch	136.0	156.4	143.7	138.7
Desert Spring (Kuwait training)**	5.6	13.8	239.8	241.8
Desert Thunder (Nov. 1998 build-up)	n/a	43.5	n/a	n/a
Desert Fox (Dec. 1998 air strikes)	n/a	92.9	n/a	n/a
Totals	1,638.8	1,239.8	1,138.9	1,058.5

Source: Department of Defense, Comptroller

*Estimate.

**Known as Intrinsic Action until FY2000.

U.S. and International Reactions

Administration Position on Use of Force

U.S. administrations have taken the position that they already have sufficient authority to use military force to compel Iraqi compliance. On February 3, 1998, during an earlier phase of the present confrontation, Clinton Administration officials reportedly cited the joint resolution passed by Congress on the eve of the 1991 Gulf war (P.L. 102-1) as the basis for this authority. Several other laws have been cited in support of this position. For further discussion of legislative implications, see the CRS Electronic Briefing Book, *Terrorism, "War Powers and Iraq,"* by Richard F. Grimmett and David M. Ackerman, [<http://www.congress.gov/brbk/html/ebter226.html>]. According to news reports, President Bush believes he already has legal authority to act without further legislative authorization but decided to seek a new resolution from Congress as a gesture of support.

On September 20, the President sent Congress a draft resolution authorizing the use of military force against Iraq. During subsequent debates, Members agreed on a somewhat more narrowly phrased resolution. On October 10, by a vote of 296 to 133 (Roll no. 455), the House of Representatives passed H.J.Res. 114, which authorizes the President to use the U.S. armed forces to defend the national security of the United States against the continuing threat posed by Iraq and enforce all relevant U.N. Security Council resolutions regarding Iraq. The Senate passed H.J.Res. 114 by 77-23 (Record Vote No: 237) on October 11.

In the international context, the United States believes that two previous U.N. Security Council resolutions provide sufficient authority to use force against Iraq: Resolution 678 (November 29, 1990), which authorized military action after Iraq's invasion of Kuwait, and Resolution 687 (April 3, 1991), which made a cease-fire conditional on Iraqi compliance with various specified terms, including the inspection and dismantling of Iraq's lethal weapons programs. U.N. Security Council Resolution 1154 of March 2, 1998 (see above)

does not specifically mention the use of force, but warns Iraq of “severest consequences” for violation. In a news conference on March 11, President Clinton said “We believe that the resolution gives us the authority to take whatever actions are necessary. But, of course, we would consult [with other Security Council members].” Subsequently, U.N. Security Council Resolution 1205 of November 5, 1998 condemned Iraq’s refusal to cooperate with UNSCOM as a “flagrant violation” of Resolution 687 and other relevant agreements, and expressed full support for efforts by the Secretary General to seek full implementation of the February 23 agreement. Other members of the Security Council, however, with the notable exception of Britain, do not believe that the wording of recent U.N. Security Council resolutions provides an automatic trigger authorizing military force. On September 12, 2002, as noted above, President Bush urged the U.N. Security Council to enact a new resolution demanding full Iraqi compliance with U.N. weapons inspections under threat of military force.

Congressional Reactions

Congress has been largely supportive of Administration efforts to compel Iraqi compliance with U.N. resolutions. Congress has also appropriated funds to defray the cost of increased U.S. force deployments to the Gulf since 1997. On December 17, 1998, during Operation Desert Fox, the House of Representatives passed H.Res. 612, expressing unequivocal support for the men and women of our Armed Forces carrying out missions in the Persian Gulf region, and supporting efforts to remove Saddam Hussein from power. More recently, in the aftermath of the September 11, 2001 attacks, the House of Representatives passed H.J.Res. 75, the House of Representatives passed H.J.Res. 75, entitled “Regarding inspection and monitoring to prevent the development of weapons of mass destruction in Iraq”, on December 20, 2001. Among other things, this resolution stated that Iraq “remains in material and unacceptable breach of its international obligations” and that Iraq’s refusal to allow U.N. weapons inspectors “immediate, unconditional, and unrestricted access ... presents a mounting threat to the United States, its friends and allies, and international peace and security.”

As noted above, On October 10 and 11, the House and Senate, respectively, adopted H.J.Res. 114, which authorizes the President to use the U.S. armed forces to defend the national security of the United States against the continuing threat posed by Iraq and enforce all relevant U.N. Security Council resolutions regarding Iraq.

International Reactions

International reactions to U.S. reprisals against Iraq have been mixed and have varied according to the nature of the crisis that precipitated a U.S. military response. On the whole, altered international conditions have caused some erosion since 1991 in international support for the use of force against Iraq. Factors contributing to this erosion include differing U.S. and European perspectives on the region, Arab disillusionment with broader U.S. Middle East policies, diminished Arab concerns over a potential threat from Iraq, and increasing sympathy for the sufferings of the Iraqi people. This erosion in support for U.S. policy toward Iraq has been particularly pronounced within the Arabic-speaking world, despite the hostility many Arab leaders feel toward Saddam Hussein.

Since the September 11, 2001 attacks, friendly Arab leaders have urged the United States not to expand the current war against terrorism to target Iraq or other Arab countries. At a summit conference in Beirut, Lebanon on March 27-28, 2002, Arab leaders adopted a resolution that contained several clauses dealing with Iraq. The resolution welcomed assurances by Iraq that it will respect “the independence, sovereignty, and security of the state of Kuwait”; it called on Iraq to cooperate with Kuwait in identifying and returning missing Kuwaiti persons and property; it called for lifting economic sanctions on Iraq; it rejected “threats of aggression against some Arab states, particularly Iraq”; and it reiterated a “categorical rejection” of attacking Iraq or threatening any Arab state. Among Iraq’s non-Arab neighbors, Iran remains hostile to the Iraqi regime but opposes any western military intervention in the region. Turkey, Iraq’s other non-Arab neighbor, has long opposed a campaign to overthrow Saddam Hussein because of fears that it might lead to a power vacuum in the Kurdish areas of northern Iraq and encourage Kurdish separatism in Turkey itself. However, there are emerging voices in Turkey who argue that Turkey should participate in a move against the Iraqi regime in order to have greater influence over post-Saddam arrangements in the region.

Some U.S. officials and commentators believe Arab leaders would secretly welcome the overthrow of the Saddam Hussein regime, notwithstanding public statements to the contrary. On his return from a trip to the Middle East, Vice President Dick Cheney told reporters on March 21, 2002, that he had found regional leaders “uniformly concerned about the situation in Iraq, in particular about Saddam Hussein’s failure to live up to the U.N. Security Council resolutions, especially number 687, that he pledged to at the end of the war, that said he’d get rid of all of his weapons of mass destruction.” But news reports indicated that the Vice President’s hosts expressed more concern over mounting Israeli-Palestinian tensions in the Israeli-occupied West Bank territory than with issues related to Iraq.

After subsequent talks between President Bush and Saudi Crown Prince Abdullah on April 25, Saudi Foreign Minister Prince Saud al-Faysal told reporters that “we see no need for any military or other action” against Iraq, inasmuch as Iraq and U.N. representatives were discussing the issue of re-admitting weapons inspectors. Other allied leaders, including Egyptian President Husni Mubarak and Jordanian King Abdullah, have spoken against attacking Iraq. On the eve of a meeting with President Bush on August 1, King Abdullah told the *Washington Post* that he thought it would be a “tremendous mistake” not to heed warnings from abroad against a military campaign against Iraq and expressed fears that “a miscalculation in Iraq would throw the whole area into turmoil.” Outside the region, leaders of Russia, Germany, and France also voiced opposition to an attack on Iraq during late July; French President Jacques Chirac expressed the view that such action would require a new U.N. resolution.

The issue of U.S. use of bases in neighboring countries to mount military operations against Iraq is particularly sensitive. For some years, Saudi Arabia and Kuwait have hosted U.S. and allied aircraft enforcing the no-fly zones over Iraq, but Gulf states in the main have not permitted the use of bases on their territory for major direct attacks against Iraq. During Operation Desert Fox in December 1998, according to contemporary news reports, Kuwait and Oman allowed combat operations against Iraq from their territory; however, the other four Gulf states (including Saudi Arabia) only allowed logistical support, including use of air space and take-off and landing by refueling planes. According to a senior Administration official, the subject of bases did not arise during the visit of Saudi Crown Prince Abdullah

to President Bush on April 25, 2002. News reports in early July that U.S. military officials are planning to conduct military operations against Iraq from bases in Jordan were met with denials from Jordanian leaders, including the Prime Minister. On July 9, the press quoted Foreign Minister Marwan Muasher as telling reporters that "Jordan will not be used as a launching pad, and we do not have any U.S. forces in Jordan." King Abdullah also dismissed such reports in an interview on August 1. Qatar, where the United States has upgraded a local airfield and set up a new command and control facility, has been non-committal about supporting future U.S. combat operations against Iraq. Elsewhere in the region, on September 5, Turkey's Foreign Minister said the United States has not yet sought permission from Turkey to use its air bases for a strike against Iraq.

In September 2002, there were signs that some moderate Arab states may be softening their previous opposition to allowing large-scale U.S. military operations from their territory against Iraq, provided a military campaign were authorized by a U.N. resolution. When asked about the availability of Saudi bases to U.S. military forces during a CNN interview on September 16, Saudi Foreign Minister Prince Saud al-Faysal said that if the U.N. Security Council adopts a resolution authorizing military force, "[e]verybody is obliged to follow through." In an Associated Press interview published on October 10, however, Prince Saud appeared to qualify this statement, saying that: "We are not going to join in the military action, but if the United Nations takes a decision in this regard, we will cooperate with it...."

Plans and Alternatives

News media continue to describe an on-going debate among U.S. officials over the feasibility, scope, and timing of possible military action against Iraq to achieve the President's objective of regime change and related objectives such as the elimination of Iraq's weapons of mass destruction. Some argue that the Iraqi regime has been seriously weakened and would collapse with the application of minimal force, and that its demise would be privately welcomed throughout much of the Middle East. Others are more skeptical, believing that increased military pressure on Iraq might cause otherwise discontented citizens to rally around their leadership, could destabilize the region, and would entail major efforts and costs. Press articles cite a range of options under consideration, including, but not limited to, the following.

- ! Continued allied enforcement of the existing no-fly zones over northern and southern Iraq, with calibrated responses to provocations by Iraqi air defense units, supplemented by naval enforcement of sanctions, with the goal of containing the Saddam Hussein regime and limiting his ability to support terrorism. As a related option, some have advocated expansion of the present no-fly zones to curtail further Iraq's freedom of maneuver.
- ! Covert action targeting the current Iraqi regime combined with expanded programs to buttress the efforts of opposition groups in Iraq, with the goal of triggering a coup.
- ! A small invasion force of up to 70,000 military personnel, with the main emphasis on air power, special operations forces, and Iraqi opposition

groups (akin to the Afghanistan model), with the goal of bringing down the Saddam regime.

- ! A heavy invasion force with a strong ground force component, perhaps on the order of 200,000-250,000 military personnel. This option would require permission from one or more of Iraq's neighbors (Turkey, Jordan, Kuwait, Saudi Arabia, for example) to stage an invasion from their territory. The goal would be to build a new regime and eliminate WMD programs.
- ! An operation aimed at seizing Baghdad and several key command posts through heavy air strikes and combined airborne and ground assault operations at strategic sites. Such an operation would be designed to isolate the Iraqi leadership and disrupt its command and control facilities, leading to the collapse of the Saddam regime. (*The New York Times*, July 29, 2002.)

President Bush has said he hopes Iraq will forswear WMD programs and fulfill terms of other U.N. resolutions, thereby avoiding military conflict with the United States and its allies; however, he has expressed skepticism that Iraq will do so. In the meantime, according to an October 13 press report, Secretary of Defense Rumsfeld has ordered military commanders to revise their military operations plans to emphasize speedier deployment, make more effective use of intelligence, and exploit the advantages of precision weapons. Secretary Rumsfeld reportedly said advances in war fighting capabilities could enable the United States to achieve overwhelming force with fewer numbers of military personnel than in the 1991 Gulf war because of the increased lethality of weapons available to U.S. forces. Some commentators believe large numbers of personnel are still needed to demonstrate American resolve, intimidate Iraqi forces, minimize allied casualties, and deal with unexpected operational difficulties.

Besides the composition and scope of military action, debate has centered on other factors including the timing of a possible attack. Press articles, not confirmed by official U.S. sources, report divergent views between senior civilian Defense Department officials and much of the uniformed military leadership, with the latter arguing for a longer period of preparation before initiating any major military action. Earlier in the year, some press reports indicated that depletion of arms stocks during operations in Afghanistan, coupled with severe strains on U.S. active and reserve forces, could compel the United States to delay a coordinated assault on Iraq. Analysts cited in particular the need to produce additional precision bombs such as the Joint Direct Attack Munitions (JDAM) used in Afghanistan. Other media reports have suggested that forces on hand are capable of launching an attack on Iraq in a short time frame and quoted Defense Department officials as saying that JDAM production has been accelerated.

Still other questions have been raised by U.S. officials, observers, and Members of Congress. How serious is the threat posed by Iraq to the United States and its allies? How high are the likely costs and casualties that might result from military options? Are U.S. forces likely to face large-scale urban warfare in Baghdad and other major population centers? What kind of regime might replace the present one? How long would U.S. forces have to remain in Iraq? What effect would major U.S. military action against Iraq have on other U.S. objectives in the Middle East?

Table 2. Comparative Military Strengths and Inventories: Gulf States

Country	Military Personnel	Tanks	Other Armored Vehicles	Field Artillery		Attack Helicopters	Combat Aircraft	Naval Units	
				Towed	Self-Propelled			Surface Combatants	Submarines
Saudi Arabia	205,500	910	5,017	160	200	33	348	8	0
United Arab Emirates	65,000	411	1,360	80	181	49	101	2	0
Oman	43,400	117	290	96	24	0	40	0	0
Kuwait	15,500	293	556	0	68	20	82	0	0
Qatar	12,330	35	302	12	28	19	18	0	0
Bahrain	11,000	106	306	22	62	40	34	1	0
<i>Total: Allies</i>	<i>348,730</i>	<i>1,872</i>	<i>7,831</i>	<i>370</i>	<i>563</i>	<i>161</i>	<i>623</i>	<i>11</i>	<i>0</i>
Iraq	424,000	2,200	3,700	1,900	150	100	316	0	0
Iran	513,000	1,565	1,455	2,085	310	104	288*	3	5

Source: International Institute for Strategic Studies, *The Military Balance 2001-2002*. (Note: Figures shown here do not include materiel believed to be in storage and inoperable.)

* Includes aircraft flown from Iraq to Iran during 1991 Gulf war.

FOR ADDITIONAL READING

CRS Report RS21325. *Iraq: Divergent Views on Military Action*, by Alfred B. Prados.

CRS Report 98-386. *Iraq: Post-War Challenges and U.S. Responses, 1991-1998*, by Alfred B. Prados.

CRS Report RL31339. *Iraq: U.S. Efforts to Change the Regime*, by Kenneth Katzman.

CRS Issue Brief IB92117. *Iraqi Compliance with Cease-Fire Agreements*, by Kenneth Katzman.

Issue Brief for Congress

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War Powers Resolution: Presidential Compliance

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War Powers Resolution: Presidential Compliance

SUMMARY

Two separate but closely related issues confront Congress each time the President introduces armed forces into a situation abroad that conceivably could lead to their involvement in hostilities. One issue concerns the division of war powers between the President and Congress, whether the use of armed forces falls within the purview of the congressional power to declare war and the War Powers Resolution. The other issue is whether Congress concurs in the wisdom of the action. This issue brief does not deal with the substantive merits of using armed forces in specific cases, but rather with the congressional authorization for the action and the application and effectiveness of the War Powers Resolution.

The purpose of the War Powers Resolution (P.L. 93-148, passed over President Nixon's veto on November 7, 1973) is to ensure that Congress and the President share in making decisions that may get the U.S. involved in hostilities. Compliance becomes an issue whenever the President introduces U.S. forces abroad in situations that might be construed as hostilities or imminent hostilities. Criteria for compliance include prior consultation with Congress, fulfillment of the reporting requirements, and congressional authorization. If the President has not complied fully, the issue becomes what action Congress should take to bring about compliance or to influence U.S. policy. A new issue has become congressional authorization of U.N. peacekeeping or other U.N.-sponsored actions. For over 28 years, war powers and the War Powers Resolution have been an issue in U.S. military actions in Asia, the Middle East, Africa, Central America, and Europe. Presi-

dents have submitted 99 reports to Congress as a result of the War Powers Resolution, although only one (the Mayaguez situation) cited Section 4(a)(1) or specifically stated that forces had been introduced into hostilities or imminent hostilities. Congress invoked the War Powers Resolution in the Multinational Force in Lebanon Resolution (P.L. 98-119), which authorized the Marines to remain in Lebanon for 18 months. In addition, P.L. 102-1, authorizing the use of U.S. armed forces concerning the Iraqi aggression against Kuwait, stated that it constituted specific statutory authorization within the meaning of the War Powers Resolution. On November 9, 1993, the House used a section of the War Powers Resolution to state that U.S. forces should be withdrawn from Somalia by March 31, 1994; Congress had already taken this action in appropriations legislation. More recently, war powers have been at issue in former Yugoslavia/Bosnia/Kosovo, Iraq, Haiti, and in responding to terrorist attacks against the U.S. After combat operations against Iraqi forces ended on February 28, 1991, the use of force to obtain compliance with U.N. resolutions remains an issue.

A longer-term issue is whether the War Powers Resolution is an appropriate and effective means of assuring congressional participation in actions that might get the United States involved in war. Some observers contend that the War Powers Resolution has not significantly increased congressional participation, while others emphasize that it has promoted consultation and served as leverage. Proposals have been made to strengthen, change, or repeal the resolution. None have been enacted to date.

MOST RECENT DEVELOPMENTS

On September 19, 2002, the White House sent a “draft” joint resolution to Speaker Hastert, Minority Leader Gephardt, Senate Majority Leader Daschle and Senate Minority Leader Lott. This joint resolution would authorize the President to use military force against Iraq.

September 4, 2002, President George W. Bush, in a meeting with the Congressional leaders of both parties and both chambers, and in a letter given to participants, stated he would “at the appropriate time and after consultations with the leadership seek congressional support for U.S. action to do whatever is necessary to deal with the threat posed by Saddam Hussein’s regime.” The President’s spokesman, Ari Fleisher, stated later that day that he anticipated that a vote would occur on an Iraq resolution, drafted by Congress in consultation with the White House, before Congress adjourned for the November elections.

BACKGROUND AND ANALYSIS

Under the Constitution, war powers are divided. Congress has the power to declare war and raise and support the armed forces (Article I, Section 8), while the President is Commander in Chief (Article II, Section 2). It is generally agreed that the Commander in Chief role gives the President power to repel attacks against the United States and makes him responsible for leading the armed forces. During the Korean and Vietnam wars, the United States found itself involved for many years in undeclared wars. Many Members of Congress became concerned with the erosion of congressional authority to decide when the United States should become involved in a war or the use of armed forces that might lead to war. On November 7, 1973, Congress passed the War Powers Resolution (P.L. 93-148) over the veto of President Nixon.

The War Powers Resolution states that the President’s powers as Commander-in-Chief to introduce U.S. forces into hostilities or imminent hostilities are exercised only pursuant to (1) a declaration of war; (2) specific statutory authorization; or (3) a national emergency created by an attack on the United States or its forces. It requires the President in every possible instance to consult with Congress before introducing American armed forces into hostilities or imminent hostilities unless there has been a declaration of war or other specific congressional authorization. It also requires the President to report to Congress any introduction of forces into hostilities or imminent hostilities, Section 4(a)(1); into foreign territory while equipped for combat, Section 4(a)(2); or in numbers which substantially enlarge U.S. forces equipped for combat already in a foreign nation, Section 4(a)(3). Once a report is submitted “or required to be submitted” under Section 4(a)(1), Congress must authorize the use of forces within 60 to 90 days or the forces must be withdrawn. (For detailed background, see CRS Report RL31185, *The War Powers Resolution: After Twenty-Eight Years*, and CRS Report RL31133, *Declarations of War and Authorizations for the Use of Military Force: Background and Legal Implications*). It is important to note that since the War Powers Resolution’s enactment, over President Nixon’s veto in 1973, every President has taken the position that it is an unconstitutional infringement by the Congress

on the President's authority as Commander-in-Chief. The courts have not directly addressed this question.

United Nations Actions

U.N. Security Council resolutions provide authority for U.S. action under international law. Whether congressional authorization is required under domestic law depends on the types of U.N. action and is governed by the Constitution, the U.N. Participation Act (P.L. 79-264, as amended), as well as by the War Powers Resolution. Section 8(b) of the War Powers Resolution exempts only participation in headquarters operations of joint military commands established prior to 1973.

For armed actions under Articles 42 and 43 of the U.N. Charter, Section 6 of the U.N. Participation Act authorizes the President to negotiate special agreements with the Security Council, subject to the approval of Congress, providing for the numbers and types of armed forces and facilities to be made available to the Security Council. Once the agreements have been concluded, further congressional authorization is not necessary, but no such agreements have been concluded. Some Members have sought to encourage negotiation of military agreements under Article 43 of the U.N. Charter. Questions include whether congressional approval is required only for an initial agreement on providing peacekeeping forces in general, or for each agreement to provide forces in specific situations, and how such approvals would relate to the War Powers Resolution.

Section 7 of the U.N. Participation Act authorizes the detail of up to 1,000 personnel to serve in any noncombatant capacity for certain U.N. peaceful settlement activities. The United States has provided personnel to several U.N. peacekeeping missions, such as observers to the U.N. Truce Supervision Organization in Palestine. In these instances, controversy over the need for congressional authorization has not occurred because the action appeared to fall within the authorization in Section 7 of the Participation Act. Controversy has arisen when forces have been deployed in larger numbers or as possible combatants.

In the 103rd Congress, Members used several vehicles in seeking some control over future peacekeeping actions wherever they might occur. Both the Defense Appropriations Act for FY1994, P.L. 103-139 (Section 8153), and for FY1995, P.L. 103-335 (Section 8103), stated the sense of Congress that funds should not be used for U.N. peacekeeping or peace enforcement operations unless the President consulted with Congress at least 15 days in advance whenever possible. Section 1502 of the Defense Authorization for FY1994, P.L. 103-60, required the President to submit by April 1, 1994, a report on multinational peacekeeping including the requirement of congressional approval for participation and the applicability of the War Powers Resolution and the U.N. Participation Act.

Along similar lines, the conference report on the Department of State Appropriations Act for FY1994, H.R. 2519 (P.L. 103-121, signed October 27, 1993), called for the Secretary of State to notify both Appropriations Committees 15 days in advance, where practicable, of a vote by the U.N. Security Council to establish any new or expanded peacekeeping mission. The Foreign Relations Authorization Act, P.L. 103-236, signed April 30, 1994, established new requirements for consultation with Congress on U.S. Participation in U.N. Peacekeeping Operations. Section 407 required monthly consultations on the status of

peacekeeping operations and advance reports on resolutions that would authorize a new U.N. peacekeeping operation. It also required 15 days' advance notice of any U.S. assistance to support U.N. peacekeeping operations and a quarterly report on all assistance that had been provided to the U.N. for peacekeeping operations. To permit Presidential flexibility, conferees explained, the quarterly report need not include temporary duty assignments of U.S. personnel in support of peacekeeping operations of less than twenty personnel in any one case.

The following discussion provides background on major cases of U.S. military involvement in overseas operations in the last decade that raised War Powers questions.

Former Yugoslavia/Bosnia

The issue of war powers and whether congressional authorization is necessary for U.S. participation in U.N. action (see above discussion) was also raised by efforts to halt fighting in the former territory of Yugoslavia, particularly in Bosnia. The United States participated without congressional authorization in airlifts into Sarajevo, naval monitoring of sanctions, aerial enforcement of a "no-fly zone," and aerial enforcement of safe havens.

Because some of the U.S. action has been taken within a NATO framework, action in Bosnia has raised the broader issue of whether action under NATO is exempt from the requirements of the War Powers Resolution or its standard for the exercise of war powers under the Constitution. Article 11 of the North Atlantic Treaty states that its provisions are to be carried out by the parties "in accordance with their respective constitutional processes," inferring some role for Congress in the event of war. Section 8(a) of the War Powers Resolution states that authority to introduce U.S. forces into hostilities is not to be inferred from any treaty, ratified before or after 1973, unless implementing legislation specifically authorizes such introduction and says it is intended to constitute an authorization within the meaning of the War Powers Resolution. Section 8(b) states that nothing in the Resolution should be construed to require further authorization for U.S. participation in the headquarters operations of military commands established before 1973, such as NATO headquarters operations.

On August 13, 1992, the U.N. Security Council adopted Resolution 770 calling on all nations to take "all measures necessary" to facilitate the delivery of humanitarian assistance to Sarajevo. On August 11, 1992, the Senate had passed S.Res. 330 urging the President to work for such a resolution and pledging funds for participation, but saying that no U.S. military personnel should be introduced into hostilities without clearly defined objectives. On the same day, the House passed H.Res. 554 urging the Security Council to authorize measures, including the use of force, to ensure humanitarian relief. Thus, both chambers of Congress supported action but not by legislation authorizing the use of U.S. forces. For details of congressional actions relating to Bosnia from 1993 through 1995, see CRS Report RL31185, *The War Powers Resolution: After Twenty-Eight Years*.

In late 1995, the issue of war powers and Bosnia was raised again as President Clinton sent over 20,000 American combat troops to Bosnia as part of a NATO-led peacekeeping force. In December 1995, Congress considered and voted on a number of bills and resolutions, but the House and Senate could not come to consensus on any single measure.

Subsequently, President Clinton in December 1996, agreed to provide up to 8,500 ground troops to participate in a NATO-led follow-on force in Bosnia termed the Stabilization Force (SFOR). On March 18, 1998, the House defeated by a vote of 193-225, H.Con.Res. 227, a resolution directing the President, pursuant to section 5(c) of the War Powers Resolution to remove United States Armed Forces from the Republic of Bosnia and Herzegovina.(H.Rept. 105-442). (For additional information, see CRS Issue Brief IB93056, *Bosnia: U.S. Military Operations*, and CRS Report RL31185, *The War Powers Resolution: After Twenty-Eight Years.*)

Kosovo

The issue of presidential authority to deploy forces in the absence of congressional authorization, under the War Powers Resolution, or otherwise, became an issue of significant controversy in late March 1999 when President Clinton ordered U.S. military forces to participate in a NATO-led military operation in Kosovo. This action has become the focus of an on-going policy debate over the purpose and scope of U.S. military involvement in Kosovo. The President's action to commit forces to the NATO Kosovo operation also led to a suit in Federal District Court for the District of Columbia by Members of Congress seeking a judicial finding that the President was violating the War Powers Resolution and the Constitution by using military forces in Yugoslavia in the absence of authorization from the Congress.

The Kosovo controversy began in earnest when on March 26, 1999, President Clinton notified the Congress "consistent with the War Powers Resolution", that on March 24, 1999, U.S. military forces, at his direction and in coalition with NATO allies, had commenced air strikes against Yugoslavia in response the Yugoslav government's campaign of violence and repression against the ethnic Albanian population in Kosovo. Prior to the President's action, the Senate, on March 23, 1999, had passed, by a vote of 58-41, S.Con.Res. 21, a non-binding resolution expressing the sense of the Congress that the President was authorized to conduct "military air operations and missile strikes in cooperation with our NATO allies against the Federal Republic of Yugoslavia (Serbia and Montenegro)."

Subsequently, the House voted on a number of measures relating to U.S. participation in the NATO operation in Kosovo. On April 28, 1999, the House of Representatives passed H.R. 1569, by a vote of 249-180. This bill would prohibit the use of funds appropriated to the Defense Department from being used for the deployment of "ground elements" of the U.S. Armed Forces in the Federal Republic of Yugoslavia unless that deployment is specifically authorized by law. On that same day the House defeated H.Con.Res. 82, by a vote of 139-290. This resolution would have directed the President, pursuant to section 5(c) of the War Powers Resolution, to remove U.S. Armed Forces from their positions in connection with the present operations against the Federal Republic of Yugoslavia. On April 28, 1999, the House also defeated H.J.Res. 44, by a vote of 2-427. This joint resolution would have declared a state of war between the United States and the "Government of the Federal Republic of Yugoslavia." The House on that same day also defeated, on a 213-213 tie vote, S.Con.Res. 21, the Senate resolution passed on March 23, 1999, that supported military air operations and missile strikes against Yugoslavia. On April 30, 1999, Representative Tom Campbell and 17 other members of the House filed suit in Federal District Court for the District of Columbia seeking a ruling requiring the President to obtain

authorization from Congress before continuing the air war, or taking other military action against Yugoslavia.

The Senate, on May 4, 1999, by a vote of 78-22, tabled S.J.Res. 20, a joint resolution, sponsored by Senator John McCain, that would authorize the President “to use all necessary force and other means, in concert with United States allies, to accomplish United States and North Atlantic Treaty Organization objectives in the Federal Republic of Yugoslavia (Serbia and Montenegro).” The House, meanwhile, on May 6, 1999, by a vote of 117-301, defeated an amendment by Representative Istook to H.R. 1664, the FY1999 defense supplemental appropriations bill, that would have prohibited the expenditure of funds in the bill to implement any plan to use U.S. ground forces to invade Yugoslavia, except in time of war. Congress, meanwhile, on May 20, 1999 cleared for the President’s signature, H.R. 1141, an emergency supplemental appropriations bill for FY1999, that provided billions in funding for the existing U.S. Kosovo operation.

On May 25, 1999, the 60th day had passed since the President notified Congress of his actions regarding U.S. participation in military operations in Kosovo. Representative Campbell, and those who joined his suit, noted to the Federal Court that this was a clear violation of the language of the War Powers Resolution stipulating a withdrawal of U.S. forces from the area of hostilities occur after 60 days in the absence of congressional authorization to continue, or a presidential request to Congress for an extra 30 day period to safely withdraw. The President did not seek such a 30 day extension, noting instead that the War Powers Resolution is constitutionally defective. On June 8, 1999, Federal District Judge Paul L. Friedman dismissed the suit of Representative Campbell and others that sought to have the court rule that President Clinton was in violation of the War Powers Resolution and the Constitution by conducting military activities in Yugoslavia without having received prior authorization from Congress. The judge ruled that Representative Campbell and others lacked legal standing to bring the suit (*Campbell v. Clinton*, 52 F. Supp. 2d 34 (D.D.C. 1999)). Representative Campbell appealed the ruling on June 24, 1999, to the U.S. Court of Appeals for the District of Columbia. The appeals court agreed to hear the case. On February 18, 2000, the appeals court affirmed the opinion of the District Court that Representative Campbell and his co-plaintiffs lacked standing to sue the President. (*Campbell v. Clinton*, 203 F.3d 19 (D.C. Cir. 2000)). On May 18, 2000, Representative Campbell and 30 other Members of Congress appealed this decision to the United States Supreme Court. On October 2, 2000, the United States Supreme Court, without comment, refused to hear the appeal of Representative Campbell thereby letting stand the holding of the U.S. Court of Appeals. (*Campbell v. Clinton*, *cert. denied*, 531 U.S. 815 Oct. 2, 2000). On May 18, 2000, the Senate defeated by a vote of 47-53, an amendment to S. 2521, the Senate’s version of the Military Construction Appropriations Act, FY2001, that would have, among other things, terminated funding for the continued deployment of U.S. ground combat troops in Kosovo after July 1, 2001 unless the President sought and received Congressional authorization to keep U.S. troops in Kosovo. (For detailed discussion of major issues see *Kosovo and U.S. Policy*, CRS Report RL31053, *Kosovo and Macedonia: U.S. and Allied Military Operations*, CRS Issue Brief IB10027, *War Powers Litigation Since the Enactment of the War Powers Resolution*, CRS Report RL30352).

Post-War Iraq

During the week of October 3, 1994, Iraq began sending two additional divisions to join regular forces in southern Iraq, close to the border of Kuwait. On October 8 President Clinton responded by sending about 30,000 additional U.S. forces and additional combat planes to join the forces already in the Gulf area. He said the United States would honor its commitment to defend Kuwait and enforce U.N. resolutions on Iraq. Congress recessed on October 8 until November 29, 1994, so it did not discuss the issue of congressional authorization. On October 28 President Clinton reported to Congress that by October 15 there were clear indications that Iraq had redeployed its forces to their original location. On November 7 the Defense Department announced 7,000 of the U.S. forces would be withdrawn before Christmas.

Earlier, three continuing situations in Iraq since the end of Desert Storm brought about the use of U.S. forces and thus raised war powers issues. The first situation resulted from the Iraqi government's repression of Kurdish and Shi'ite groups. U.N. Security Council Resolution 688 of April 5, 1991, condemned the repression of the Iraqi civilian population and appealed for contributions to humanitarian relief efforts. The second situation stemmed from the U.N. cease-fire resolution of April 3, 1991, Security Council Resolution 687, which called for Iraq to accept the destruction or removal of chemical and biological weapons and international control of its nuclear materials.

The third situation was related to both of the earlier ones. On August 26, 1992, the United States, Britain, and France began a "no-fly" zone, banning Iraqi fixed wing and helicopter flights south of the 32nd parallel and creating a limited security zone in the south, where Shi'ite groups are concentrated. After violations of the no-fly zones and various other actions by Iraq, on January 13, 1993, the outgoing Bush Administration announced that aircraft from the United States and coalition partners had attacked missile bases in southern Iraq and that the United States was deploying a battalion task force to Kuwait to underline the U.S. continuing commitment to Kuwait's independence. On January 6, 1993, the United States gave Iraq an ultimatum to remove newly deployed missiles in the no-fly zone. On January 19, 1993, President George H.W. Bush reported to Congress that U.S. aircraft on December 27, 1992, had shot down an Iraqi aircraft that had entered the no-fly zone and had undertaken further military actions on January 13, 17, and 18.

President Clinton said on January 21, 1993, that the United States would adhere to the policy toward Iraq set by the former Bush Administration, and on January 22, 23, April 9 and 18, June 19, and August 19, 1993, U.S. aircraft fired at targets in Iraq after pilots sensed Iraqi radar or anti-aircraft fire directed at them. A number of such incidents occurred while planes patrolled the no-fly zone. On June 6, 1994, President Clinton reported that over the previous 2 years, the northern no-fly zone had deterred Iraq from a military offensive in the northern zone. Iraqi forces had responded to the no-fly zone in the south, he reported, by continuing to use land-based artillery to shell marsh villages. In addition, Iraq was conducting a large search and destroy operation and razing and burning marsh villages, in violation of U.N. Security Council Resolution 688. Until Iraq fully complied with all relevant U.N. Security Council resolutions, he reported, the United States would maintain sanctions and other measures designed to achieve compliance.

A war powers issue is whether the use of U.S. force in post-war Iraq has been authorized by Congress. P.L. 102-1 authorized the President to use U.S. armed forces pursuant to U.N. Security Council Resolution 678 to achieve implementation of previous Security Council Resolutions; Security Council Resolution 687 was adopted after this. On August 2, 1991, the Senate adopted an amendment to the Defense Authorization bill supporting the use of all necessary means to achieve the goals of Resolution 687. Senator Dole said the amendment was not intended to authorize the use of force by the President, and that in his view in the current circumstances the President required no specific authorization from Congress. As enacted, Section 1095 of P.L. 102-190 states the sense of Congress that it supports the use of all necessary means to achieve the goals of Security Council Resolution 687 as being consistent with the Authorization for Use of Military Force Against Iraq Resolution. The bill also included an amendment by Senator Pell supporting the use of all necessary means to protect Iraq's Kurdish minority, consistent with relevant U.N. resolutions and authorities contained in P.L. 102-1. (Section 1096 of P.L. 102-190.) In 1994, Congress reaffirmed support for the protection of all Iraqi Kurdish and other minorities pursuant to Security Council Resolution 688 (Section 507 of P.L. 103-482).

In addition to these continuing situations, on June 28, 1993, President Clinton reported to Congress that on June 26 U.S. naval forces had launched a Tomahawk cruise missile strike on the Iraqi Intelligence Service's main command and control complex in Baghdad and that the military action was completed. He said the Iraqi Intelligence Service had planned the failed attempt to assassinate former President Bush during his visit to Kuwait in April 1993. On September 5, 1996, President Clinton reported to Congress on U.S. military actions in Iraq to obtain compliance with U.N. Security Council Resolutions, especially in light of attacks by Iraqi military forces against the Kurdish-controlled city of Irbil. U.S. actions ordered by the President included: extending the no-fly zone in southern Iraq from 32 to 33 degrees north latitude, and conducting cruise missile attacks from B-52H bombers and ships in the USS Carl Vinson Battle Group against fixed, surface-to-air missile sites, command and control centers, and air defense control facilities south of the 33rd parallel in Iraq. Except for the report of June 28, 1993, Presidents Bush and Clinton did not cite the War Powers Resolution in the above reports. They submitted them "consistent with" P.L. 102-1, which requires the President to submit a report to the Congress at least once every 60 days on the status of efforts to obtain compliance by Iraq with the U.N. Security Council resolution adopted in response to the Iraq aggression. Starting in 1998 through the end of the Clinton Administration, Iraq's refusal to permit U.N. weapons inspection teams to have access to various Iraqi sites, and Iraqi threats to U.S. aircraft policing the "no-fly zones" has resulted in U.S. military action on numerous occasions against Iraqi military forces and targets in the "no-fly zones." President Clinton chose to report these actions under the requirements of P.L. 102-1. In early February 2001, President G.W. Bush authorized U.S. aircraft, to attack Iraqi radar installations in Southern Iraq believed to threaten allied forces enforcing the "no-fly zone." Further similar bombings of Iraqi sites were authorized and took place in the summer and fall of 2001. Additional attacks have occurred throughout 2002. Such actions, when reported, have been done under P.L. 102-1 (For further information, see CRS Issue Brief IB92117, Iraqi Compliance with Cease-Fire Agreements).

Haiti

On July 3, 1993, Haitian military leader Raoul Cedras and deposed President Jean-Bertrand Aristide signed an agreement at Governors Island providing for the restoration of President Aristide on October 30. The United Nations and Organization of American States took responsibility for verifying compliance. Because the Haitian authorities did not comply with the agreement, on October 13, 1993, the U.N. Security Council voted to restore sanctions against Haiti. On October 20, President Clinton submitted a report "consistent with the War Powers Resolution" that U.S. ships had begun to enforce the U.N. embargo. Some Members of Congress complained that Congress had not been consulted on or authorized the action. On October 18, 1993, Senator Dole said he would offer an amendment to the Defense Appropriations bill (H.R. 3116) which would require congressional authorization for all deployments into Haitian waters and airspace unless the President made specified certifications. Congressional leaders and Administration officials negotiated on the terms of the amendment. As enacted, Section 8147 of P.L. 103-139 stated the sense that funds should not be obligated or expended for U.S. military operations in Haiti unless the operations were (1) authorized in advance by Congress, (2) necessary to protect or evacuate U.S. citizens, (3) vital to the national security and there was not sufficient time to receive congressional authorization, or (4) the President submitted a report in advance that the intended deployment met certain criteria.

On May 6, 1994, the U.N. Security Council adopted Resolution 917 calling for measures to tighten the embargo. On June 10, 1994, President Clinton announced steps being taken to intensify the pressure on Haiti's military leaders that included assisting the Dominican Republic to seal its border with Haiti, using U.S. naval patrol boats to detain ships suspected of violating the sanctions, a ban on commercial air traffic, and sanctions on financial transactions. As conditions in Haiti worsened, President Clinton stated he would not rule out the use of force, and gradually the use of force appeared certain. Many Members continued to contend congressional authorization was necessary for any invasion of Haiti. On July 31, the U.N. Security Council authorized a multinational force to use "all necessary means to facilitate the departure from Haiti of the military leadership ... on the understanding that the cost of implementing this temporary operation will be borne by the participating Member States" (Resolution 940, 1994).

On August 3, the Senate adopted an amendment to the Department of Veterans appropriation, H.R. 4624, by a vote of 100-0 expressing its sense that the Security Council Resolution did not constitute authorization for the deployment of U.S. forces in Haiti under the Constitution or the War Powers Resolution, but the amendment was not agreed to in conference. President Clinton said the same day that he would welcome the support of Congress but did not agree that he was constitutionally mandated to obtain it. On September 15, 1994, in an address to the Nation, President Clinton said he had called up the military reserve and ordered two aircraft carriers into the region. His message to the military dictators was to leave now or the United States would force them from power. The first phase of military action would remove the dictators from power and restore Haiti's democratically elected government. The second phase would involve a much smaller force joining with forces from other U.N. members which would leave Haiti after 1995 elections were held and a new government installed.

While the Defense Department continued to prepare for an invasion within days, on September 16 President Clinton sent to Haiti a negotiating team of former President Jimmy Carter, former Joint Chiefs of Staff Chairman Colin Powell, and Senate Armed Services Committee Chairman Sam Nunn. Again addressing the Nation on September 18, President Clinton announced that the military leaders had agreed to step down by October 15, and agreed to the immediate introduction of troops from the 15,000 member international coalition beginning September 19. He said the agreement was only possible because of the credible and imminent threat of multinational force. He emphasized the mission still had risks and there remained possibilities of violence directed at U.S. troops, but the agreement minimized those risks. He also said that under U.N. Security Council resolution 940, a 25-nation international coalition would soon go to Haiti to begin the task of restoring democratic government. Also on September 18, President Clinton reported to Congress on the objectives in accordance with the sense expressed in Section 8147 (c) of P.L. 103-139, the FY1994 Defense Appropriations Act.

U.S. forces entered Haiti on September 19, 1994. On September 21, President Clinton reported "consistent with the War Powers Resolution" the deployment of 1,500 troops, to be increased by several thousand. (At the peak in September there were about 21,000 U.S. forces in Haiti.) He said the U.S. presence would not be open-ended but would be replaced after a period of months by a U.N. peacekeeping force, although some U.S. forces would participate in and be present for the duration of the U.N. mission. The forces were involved in the first hostilities on September 24 when U.S. Marines killed ten armed Haitian resisters in a fire-fight.

On October 3, 1994, the House Foreign Affairs Committee reported H.J.Res. 416 authorizing the forces in Haiti until March 1, 1995, and providing procedures for a joint resolution to withdraw the forces. In House debate on October 6 the House voted against the original contents and for the Dellums substitute. As passed, H.J.Res. 416 stated the sense that the President should have sought congressional approval before deploying U.S. forces to Haiti, supporting a prompt and orderly withdrawal as soon as possible, and requiring a monthly report on Haiti as well as other reports. This same language was also adopted by the Senate on October 6 as S.J.Res. 229, and on October 7 the House passed S.J.Res. 229. President Clinton signed S.J.Res. 229 on October 25, 1994 (P.L. 103-423).

After the U.S. forces began to disarm Haitian military and paramilitary forces and President Aristide returned on October 15, 1994, the United States began to withdraw some forces. On March 31, 1995, U.N. peacekeeping forces assumed responsibility for missions previously conducted by U.S. military forces in Haiti. By September 21, 1995, President Clinton reported the United States had 2,400 military personnel in Haiti as participants in the U.N. Mission in Haiti (UNMIH), and 260 U.S. military personnel assigned to the U.S. Support Group Haiti. On December 5, 1997, President Clinton stated that he intends to keep some military personnel in Haiti, even though United Nations peacekeeping forces were withdrawing. The Pentagon stated that U.S. military personnel in Haiti would be about 500, consisting mainly of engineering and medical units, with a combat element responsible for protecting the U.S. contingent. For further information on Haiti, see CRS Issue Brief IB96019, *Haiti: Issues for Congress*).

Somalia

In Somalia, the participation of U.S. military forces in a U.N. operation to protect humanitarian assistance, which began in December 1992, became increasingly controversial as fighting and casualties increased and objectives appeared to be expanding. On October 7, 1993, President Clinton announced that all U.S. forces would be withdrawn by March 31, 1994, and most forces left by that date. The remaining 58 Marines, who had remained to protect U.S. diplomats, were withdrawn September 15, 1994.

A major issue for Congress was whether to authorize U.S. action in Somalia. On February 4, 1993, the Senate passed S.J.Res. 45 to authorize the President to use U.S. armed forces pursuant to U.N. Security Council Resolution 794. S.J.Res. 45 stated it is intended to constitute the specific statutory authorization under Section 5(b) of the War Powers Resolution. On May 25, 1993, the House amended and passed S.J.Res. 45. The amendment authorized U.S. forces to remain for one year. S.J.Res. 45 was then sent to the Senate for its concurrence, but the measure did not reach the floor.

As sporadic fighting resulted in the deaths of Somali and U.N. forces, including Americans, controversy over the operation intensified. On September 9, 1993, the Senate adopted an amendment to S. 1298, the Defense Authorization Bill, expressing the sense of Congress that the President by November 15, 1993, should seek and receive congressional authorization for the continued deployment of U.S. forces to Somalia. It asked that the President consult with Congress and report the goals, objectives, and anticipated jurisdiction of the U.S. mission in Somalia by October 15, 1993. On September 29, the House adopted a similar amendment to its bill, H.R. 2401. On October 7, the President consulted with congressional leaders from both parties for over two hours on Somalia policy and also announced that U.S. forces would be withdrawn by March 31, 1994.

On October 15, 1993, the Senate adopted an amendment by Senator Byrd to H.R. 3116, the Defense Department Appropriations Act for FY1994, cutting off funds for U.S. military operations in Somalia after March 31, 1994, unless the President obtained further spending authority from Congress. The Senate approved the use of military operations only for the protection of American military personnel and bases and for helping maintain the flow of relief aid by giving the U.N. forces security and logistical support. The amendment, which became Section 8151 of P.L. 103-139, required U.S. forces in Somalia to remain under the command and control of U.S. commanders. In addition, on November 9, 1993, the House adopted H.Con.Res. 170, using Section 5(c) of the War Powers Resolution to direct the President to remove forces from Somalia by March 31, 1994; sponsors stated it was a non-binding measure, and the Senate did not act on the measure. The Defense Appropriations Act for FY1995 (P.L. 103-335, signed September 30, 1994) prohibited the use of funds for the continuous presence of U.S. forces in Somalia, except for the protection of U.S. personnel, after September 30, 1994.

On November 4, the U.N. Security Council decided to end the U.N. mission in Somalia by March 31, 1995. On March 3, 1995, U.S. forces completed their assistance to United Nations forces evacuating Somalia.

Instances Formally Reported Under the War Powers Resolution

Presidents have submitted 99 reports to Congress as a result of the War Powers Resolution. Of these, President Ford submitted 4, President Carter one, President Reagan 14, President George H.W. Bush 7, President Clinton 60, and President George W. Bush 13. For a summary of the 86 reports submitted by the Presidents from 1975-2001 see: CRS Report RL31185, *The War Powers Resolution: After Twenty-Eight Years*. The following is a summary of reports submitted by President Bush George W. Bush during 2002.

(95) On January 21, 2002, President George W. Bush reported to Congress, “consistent with the War Powers Resolution,” that about 3,100 combat-equipped U.S. Armed Forces continued to be deployed in Bosnia and Herzegovina, and other regional states as part of the NATO-led Stabilization Force (SFOR). Most were based at Tuzla in Bosnia. About 500 others were based in Hungary, Croatia, and Italy, providing logistical and other support.

(96) On February 28, 2002, President George W. Bush reported to Congress, “consistent with the War Powers Resolution,” that U. S. armed forces were continuing to support the United Nations peacekeeping effort in East Timor aimed at providing security and maintaining law and order in East Timor, coordinating delivery of humanitarian assistance, and helping establish the basis for self-government in East Timor. The U.S. currently has three military observers attached to the United Nations Transitional Administration in East Timor (UNTAET). The United States also has a separate military presence, the U.S. Support Group East Timor (USGET), comprised of approximately 10 U.S. personnel, including a security detachment, which “facilitates and coordinates” U.S. military activities in East Timor, as well as a rotational presence of U.S. forces through temporary deployments to East Timor. The President stated that U.S. forces would continue a presence through 2002. The President noted his objective was to gradually reduce the “rotational presence operations,” and to redeploy USGET personnel, as circumstances permitted.

(97) On March 20, 2002, President George W. Bush reported to Congress, “consistent with the War Powers Resolution,” on U.S. efforts in the “global war on Terrorism.” He noted that the “heart of the al-Qaida training capability” had been “seriously degraded,” and that the remainder of the Taliban and the al-Qaida fighters were being “actively pursued and engaged by the U.S., coalition and Afghan forces.” The U.S. was also conducting “maritime interception operations...to locate and detain suspected al-Qaida or Taliban leadership fleeing Afghanistan by sea.” At the Philippine Government’s invitation, the President had ordered deployed “combat-equipped and combat support forces to train with, advise, and assist” the Philippines’ Armed Forces in enhancing their “existing counterterrorist capabilities.” The strength of U.S. military forces working with the Philippines was projected to be 600 personnel. The President noted that he was “assessing options” for assisting other nations, including Georgia and Yemen, in enhancing their “counterterrorism capabilities, including training and equipping their armed forces.” He stated that U.S. combat-equipped and combat support forces would be necessary for these efforts, if undertaken.

(98) On May 17, 2002, President George W. Bush reported to Congress, “consistent with the War Powers Resolution,” that the U.S. military was continuing to support peacekeeping efforts of the NATO-led international security force in Kosovo (KFOR). He

noted that the current U.S. contribution was about 5,100 military personnel, and an additional 468 personnel in Macedonia; with an occasional presence in Albania and Greece.

(99) On July 22, 2002, President George W. Bush reported to Congress, “consistent with the War Powers Resolution,” that the U.S. military was continuing to support peacekeeping efforts of the NATO-led Stabilization Force (SFOR) in Bosnia and Herzegovina and other regional states. He noted that the current U.S. contribution was “approximately 2,400 personnel.” Most U.S. forces in Bosnia and Herzegovina are assigned to the Multinational Division, North headquartered in Tuzla. An additional 60 U.S. military personnel are deployed to Hungary and Croatia to provide logistical and other support.

Consultation with Congress

Section 3 of the War Powers Resolution requires the President “in every possible instance” to consult with Congress before introducing U.S. armed forces into situations of hostilities and imminent hostilities, and to continue consultations as long as the armed forces remain. A review of instances involving the use of armed forces since passage of the Resolution, listed above, indicates there has been very little consultation with Congress under the Resolution when consultation is defined to mean seeking advice prior to a decision to introduce troops. Presidents have met with congressional leaders after the decision to deploy was made but before commencement of operations.

One problem is the interpretation of when consultation is required. The War Powers Resolution established different criteria for consultation than for reporting. Consultation is required only before introducing armed forces into “hostilities or into situations where imminent involvement in hostilities is clearly indicated by the circumstances,” the circumstances triggering the time limit. A second problem is the meaning of the term consultation. The executive branch has often taken the view that the consultation requirement has been fulfilled when from the viewpoint of some Members of Congress it has not. The House report on the War Powers Resolution said, “... consultation in this provision means that a decision is pending on a problem and that Members of Congress are being asked by the President for their advice and opinions and, in appropriate circumstances, their approval of action contemplated.” A third problem is who represents Congress for consultation purposes. The House version specifically called for consultation between the President and the leadership and appropriate committees. This was changed to less specific wording in conference, however, to provide some flexibility. Some Members have introduced proposals to specify a consultation group.

Issues for Congress

An immediate issue for Congress when the President introduces troops into situations of potential hostilities is whether to invoke Section 4(a)(1) of the War Powers Resolution and trigger a durational limit for the action unless Congress authorizes the forces to remain. If Congress concurs in a President’s action, application of the Resolution may be desirable either to legitimize the action and strengthen it by making clear congressional support for the measure or to establish the precedent that the Resolution does apply in such a situation. On

the other hand, some may believe it is preferable to leave the President more flexibility of action than is possible under the Resolution. Or some may not wish to have a formal vote on either the issue of applying the Resolution or the merits of utilizing armed forces in that case. If Congress does not concur in an action taken by a president, the Resolution offers a way to terminate it.

A longer-term issue is whether the War Powers Resolution is working or should be amended. Some contend that it has been effective in moderating the President's response to crisis situations because of his awareness that certain actions would trigger its reporting and legislative veto provisions. Or they suggest that it could be effective if the President would comply fully or Congress would invoke its provisions. Others believe it is not accomplishing its objectives and suggest various changes. Some have proposed that the Resolution return to the original Senate-passed version, which would enumerate circumstances in which the President needed no congressional authorization for use of armed forces (namely to respond to or forestall an armed attack against the United States or its forces or to protect U.S. citizens while evacuating them) but prohibit any other use or any permissible use for more than 30 days unless authorized by Congress. Others would replace the automatic requirement for withdrawal of troops after 60 days with expedited procedures for a joint resolution authorizing the action or requiring disengagement. Still others would repeal the Resolution on grounds that it restricts the President's effectiveness in foreign policy or is unconstitutional.

Several Members have suggested establishing a consultative group to meet with the President when military action is being considered. Senators Byrd, Nunn, Warner, and Mitchell introduced S.J.Res. 323 in 1988 and S. 2 in 1989 to establish a permanent consultation group of 18 Members consisting of the leadership and the ranking and minority members of the Committees on Foreign Relations, Armed Services, and Intelligence. The bill would permit an initial consultative process to be limited to a core group of 6 Members — the majority and minority leaders of both chambers plus the Speaker of the House and President pro tempore of the Senate. On October 28, 1993, House Foreign Affairs Chairman Lee Hamilton introduced H.R. 3405 to establish a congressional consultative group equivalent to the National Security Council.

Thus far, however, executive branch officials and congressional leaders, who themselves have varying opinions, have been unable to find mutually acceptable changes in the War Powers Resolution. President Clinton, in Presidential Decision Directive 25 signed May 3, 1994, supported legislation to amend the Resolution along the lines of the Mitchell, Nunn, Byrd, and Warner proposal of 1989, to establish a consultative mechanism and also eliminate the 60-day withdrawal provisions. Although many agreed on the consultation group, supporters of the legislation contended the time limit had been the main flaw in the War Powers Resolution, whereas opponents contended the time limit provided the teeth of the Resolution. The difficulty of reaching consensus in Congress on what action to take is reflected in the fact that in the 104th Congress, only one measure, S. 5, introduced January 4, 1995, by then Majority Leader Dole was subject of a hearing. S. 5, if enacted, would have repealed most of the existing War Powers Resolution. An effort to repeal most of the War Powers Resolution in the House on June 7, 1995, through an amendment to the Foreign Assistance and State Department Authorization Act for FY1996-97 (H.R. 1561) by Representative Hyde, failed (201-217). Other than these instances, no other War Powers related legislation was even considered during the 104th Congress.

On March 18, 1998, the House defeated H.Con.Res. 227, a resolution that would have directed the President, pursuant to section 5(c) of the War Powers Resolution to remove United States Armed Forces from the Republic of Bosnia and Herzegovina (H.Rept. 105-442). It was the hope of Representative Tom Campbell, its sponsor, that passage of the resolution could lead to a court case that would address the constitutionality of the War Powers Resolution. On March 31, 1998, the House passed a Supplemental Appropriations bill (H.R. 3579) that would ban use of funds appropriated in it for conduct of offensive operations against Iraq, unless such operations were specifically authorized by law. This provision was dropped in the conference with the Senate. On June 24, 1998, the House passed H.R. 4103, the Defense Department Appropriations bill for FY1999, with a provision by Representative Skaggs that banned the use of funds appropriated or otherwise made available by this Act “to initiate or conduct offensive military operations by United States Armed Forces except in accordance with the war powers clause of the Constitution (Article 1, Section 8), which vests in Congress the power to declare and authorize war and to take certain specified, related actions.” The Skaggs provision was stricken by the House-Senate conference committee on H.R. 4103. No further War Powers-related actions were taken by Congress by the adjournment of the 105th Congress.

During the 106th Congress, efforts were made to force the President to seek congressional authority for military operations in Kosovo, leading to votes in the House and Senate on that issue. Subsequently, Representative Tom Campbell and others sued the President in Federal Court in an effort to clarify congressional-Executive authority in this area. A Federal District Court and an Appeals Court refused to decide the case on the merits, instead holding that the plaintiffs lacked standing to sue. On October 2, 2000, the United States Supreme Court, let stand the holding of the U.S. Appeals Court (See discussion above under Kosovo).

During the 1st session of the 107th Congress, the Congress passed S.J.Res. 23, on September 14, 2001, in the wake of the terrorist attacks against the World Trade Center in New York City, and the Pentagon building in Arlington, Virginia. This legislation, titled the “Authorization for Use of Military Force,” passed the Senate by a vote of 98-0; the House of Representatives passed it by a vote of 420-1. This joint resolution authorizes the President “to use all necessary and appropriate force against those nations, organizations, or persons he determines planned, authorized, committed, or aided the terrorist attacks that occurred on September 11, 2001, or harbored such organizations or persons, in order to prevent any future acts of international terrorism against the United States by such nations, organizations or persons.” Congress further declared in the joint resolution that “Consistent with section 8(a)(1) of the War Powers resolution,” the above language is “intended to constitute specific statutory authorization within the meaning of section 5(b) the War Powers Resolution.” S.J.Res. 23 further stated that “Nothing in this resolution supersedes any requirement of the War Powers Resolution.” President George W. Bush signed S.J. Res. 23 into law on September 18, 2001 (P.L. 107-40, 115 Stat. 224).

Report for Congress

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Iraq: Oil-For-Food Program, International Sanctions, and Illicit Trade

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Summary

The “oil-for-food” program is the centerpiece of the long-standing U.N. Security Council effort to alleviate human suffering in Iraq while maintaining key elements of the Gulf war-related sanctions regime. In order to ensure that Iraq remains contained and that only humanitarian needs are served by the program, U.N. Security Council resolutions have mandated substantial controls on Iraqi oil exports and humanitarian imports. All Iraqi oil revenues earned under the program are held in a U.N.-controlled escrow account and cannot be accessed by the Iraqi government.

During the first five years of the program’s operations (1996-2001), there was a consensus among observers that the program had eased, but not eliminated, human suffering in Iraq. Concerns about the program’s difficulties prompted criticism of the United States; critics asserted that the U.S. strategy was to maintain sanctions on Iraq indefinitely as a means of weakening Saddam Husayn’s grip on power. At the same time, growing regional and international sympathy for the Iraqi people resulted in a pronounced relaxation of regional enforcement — or even open defiance — of the Iraq sanctions. The United States argued that continued sanctions were critical to preventing Iraq from acquiring equipment that could be used to reconstitute banned weapons of mass destruction (WMD) programs.

Seeking to improve international unity on containment of Iraq, the Bush Administration devised a “smart sanctions” plan that it said would speed the flow of civilian goods to Iraq and thereby improve living conditions for the Iraqi people. The U.S. plan offered to significantly ease restrictions on exportation of purely civilian goods to Iraq in exchange for greater international and regional cooperation to prevent any arms or weapons-related technology from reaching Iraq. The U.S. plan also sought to prevent the Iraqi government from receiving the proceeds of illicit oil sales to Iraq’s neighbors. The U.S. proposals appeared to move away from post-Gulf war linkages between sanctions easing and full Iraqi cooperation with U.N. inspections of Iraq’s WMD capabilities.

In reaction to the U.S. plan, France, Russia, and China, which are permanent members of the U.N. Security Council, pressed instead for a much broader easing of sanctions on Iraq. Regional governments refused to agree to any changes that would restrict their trade with Iraq, illicit or otherwise. After a few rounds of negotiations on the U.S. plan, the Security Council adopted (Security Council Resolution 1409, May 14, 2002) the portion of the U.S. plan that facilitates civilian exports to Iraq. Regional resistance scuttled the aspects of the plan that would have curbed Iraq’s illicit trade with its neighbors.

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Iraq: Oil-For-Food Program, International Sanctions, and Illicit Trade

Background and Structure of the Oil-For-Food Program

The “oil-for-food” program reflects a longstanding U.N. Security Council effort to alleviate human suffering in Iraq while pressing Iraq to comply with all relevant U.N. Security Council resolutions.¹ The program represents a temporary and limited exception to the comprehensive international trade embargo imposed on Iraq by U.N. Security Council Resolution 661 (August 9, 1990) as a consequence of its invasion of Kuwait. U.N. Security Council Resolution 687 (April 3, 1991) provided for the international embargo on Iraq’s exportation of oil² to end once Iraq had fully complied with U.N. efforts to end its weapons of mass destruction (WMD) programs. The WMD inspections began in April 1991 but proceeded more slowly than expected, and an end to sanctions did not appear to be in sight by April 1991. Without oil export revenues, Iraq was unable to import sufficient quantities of food and medical supplies, and, according to virtually all accepted indicators (infant and child mortality, caloric intake, and other indicators), living conditions deteriorated sharply during 1991-1995.

The first version of an oil-for-food plan would have allowed Iraq to export \$1.6 billion in oil every six months. It was adopted by the Council in 1991 in Resolutions 706 (August 15, 1991) and 712 (an implementing plan adopted September 19, 1991), but Iraq rejected it as too limited in scope and an infringement on Iraq’s sovereignty. There was little movement on the issue during 1991-95, despite dramatic declines in Iraq’s living standards. On April 15, 1995, the Council adopted Resolution 986, which took into account one of Iraq’s concerns by allowing the export of \$2 billion in oil every six months. Iraq and the United Nations signed a memorandum of understanding on the program on May 20, 1996 (document number S/1996/356) and, after several more months of negotiations on details, the first Iraqi oil exports began on December 10, 1996. After the first year of the program, the Secretary General determined that the program was not meeting the food and medical needs of the Iraqi people, and Resolution 1153 (February 20, 1998) raised the oil export ceiling to \$5.256 billion per 6-month phase. In an effort to provide Iraq an incentive to cooperate with a new program of U.N. weapons of mass destruction (WMD) inspections, the U.N. Security Council, in Resolution 1284 (December 17, 1999),

¹For a further discussion of Security Council resolutions and requirements on Iraq, see CRS Issue Brief IB92117, *Iraq: Compliance, Sanctions, and U.S. Policy*.

²That embargo was imposed by U.N. Security Council Resolution 661 of August 6, 1990.

abolished the export limit. This resolution had a number of additional provisions and implications for the oil-for-food program, as discussed below.

Program Operations

In order to ensure that only humanitarian objectives are served by the program, the oil-for-food program places substantial controls on Iraqi oil exports and humanitarian imports. Iraq's state-owned oil marketing company (State Oil Marketing Organization, SOMO) negotiates with international oil companies to sell Iraqi oil. Oil purchase contracts are reviewed by a panel of oil contract overseers reporting to the U.N. Sanctions Committee,³ which administers the implementation of sanctions on Iraq. The oil overseers review Iraq's pricing proposals monthly. Iraq is only allowed to export oil under the program, not any other products.

The oil sold is exported through an Iraq-Turkey pipeline and from Iraq's terminals in the Persian Gulf. According to Resolution 986, "the larger share" of oil exports must run through the Turkish route. The proceeds from these sales are deposited directly, by the oil purchasers, into a U.N.-monitored escrow account held at the New York branch of France's Banque Nationale de Paris (BNP). Iraq's oil exports are monitored at the point of exportation by personnel from Saybolt Nederland BV, an energy services firm working under contract to the program.

In each six-month phase of the program, Iraq purchases goods and services directly from supplier firms, in accordance with an agreed distribution plan allocating anticipated revenues among categories of goods to be purchased in that phase. Prior to the major amendment to the program approved in May 2002, which is discussed later, the Sanctions Committee reviewed and had authority to approve contracts for the export of goods to Iraq. The Committee operates by consensus. Any Sanctions Committee member could place a "hold" on a contract for goods to be imported by Iraq, and the United States often placed holds on exports of dual use items (civilian items that could have military applications). In deciding whether or not to place a hold on a contract, the U.S. representative on the Sanctions Committee consulted with agencies of the U.S. government to determine whether Iraq could use the requested items for military purposes.

Under the new procedures adopted in Security Council Resolution 1409 (May 14, 2002) and placed into effect in July 2002, the U.N. weapons inspection unit (UNMOVIC, U.N. Monitoring, Verification, and Inspection Commission) reviews export contracts to ensure that they contain no items on a designated list of dual use items known as the Goods Review List (GRL).⁴ If so, the Sanctions Committee then decides whether or not to approve that portion of the contract containing the GRL items in question.

³The Sanctions Committee, set up by Resolution 661, consists of representatives of the member states on the U.N. Security Council.

⁴The Goods Review List is contained in U.N. document S/2002/515 of May 3, 2002. It can be found online at the U.N. oil-for-food program website, [<http://www.un.org/depts/oip/>].

Under U.S. regulations written for the program, U.S. firms can buy Iraqi oil and sell goods to Iraq, including oil industry spare parts and equipment. Over the past few years, purchases of Iraqi oil by U.S. firms have ranged between one-third to nearly one-half of Iraq's normal export volume of about 2.1 million barrels per day. (See appendix for an overview of U.S. regulations governing U.S. firms' participation in the program.)

Once a contract is approved, BNP uses the funds deposited in the escrow account to pay letters of credit for the purchased goods. The arriving supplies are monitored at their point of entry into Iraq by about 50 personnel from the Swiss firm Cotecna⁵ at four approved border crossings — Umm Qasr on the Persian Gulf; Trebil on the Iraqi-Jordanian border; Walid on the Iraqi-Syrian border; and Zakho on the Iraqi-Turkish border. In Baghdad-controlled Iraq, the Iraqi government distributes imports to the population through a government rationing system, and distribution is monitored by about 158 U.N. workers from the World Food Program, the Food and Agriculture Organization, the World Health Organization, and UNICEF. The U.N. personnel visit ration centers, marketplaces, warehouses, and other installations to ensure that distribution is equitable and accords with the targeted allocation plans submitted by Iraq for each six month phase. In Kurdish-controlled Iraq, about 65 U.N. workers, accompanied by about 130 U.N. security guards, perform the distribution function. Some goods bound for the Kurdish-controlled areas are combined with Baghdad's purchases in order to obtain more favorable prices in bulk.

Under Security Council Resolution 1051 (March 27, 1996), exports to Iraq of dual use items are supposed to be monitored by U.N. weapons inspectors at their point of entry and site of end use in Iraq. This import monitoring mechanism was altered after the previous inspection regime (U.N. Special Commission, UNSCOM) left Iraq in December 1998 just prior to the U.S./British airstrike campaign against Iraq (Operation Desert Fox, December 16-19). Security Council Resolution 1284 (December 17, 1999) replaced UNSCOM with UNMOVIC, but Iraq has not allowed UNMOVIC into Iraq. In the absence of inspectors inside Iraq, end use monitoring is performed by some of the 158 U.N. employees who monitor the distribution of civilian goods coming into Iraq. However, these monitors are not trained weapons inspectors, and this has caused the United States and Britain to closely scrutinize, and to place many holds on, exports of dual use items to Iraq.

The oil-for-food program attempts to help Iraq meet its international obligations and ensure equitable distribution of imports to the Iraqi people. The revenues from Iraq's oil sales are distributed as follows:

- ! 25% is transferred to a U.N. Compensation Commission (UNCC) to pay reparations to victims of Iraq's invasion of Kuwait. As provided for in Security Council Resolution 1284 (see below), the deduction percentage fell to 25% from its previous level of 30% at the commencement of phase nine of the oil-for-food program (December 6, 2000).

⁵Cotecna replaced Lloyd's Register as point-of-entry monitoring contractor on February 1, 1999.

- ! 59% is used to purchase humanitarian items for Baghdad-controlled Iraq. This account was increased from its previous level of 53% when the reparations deduction was reduced in December 2000.
- ! 13% is used to purchase supplies in the three Kurdish-inhabited provinces of northern Iraq.
- ! 3%, the remaining amount, pays for U.N. costs to administer the oil-for-food program, as well as UNMOVIC's operating costs.

Changes Outlined in Resolution 1284. U.N. Security Council Resolution 1284, adopted December 17, 1999,⁶ was intended in part to improve the provision of relief for the Iraqi people and to offer Iraq an incentive to readmit U.N. weapons inspectors. The following highlights key provisions of it and related decisions:

- ! As noted previously, Resolution 1284 eliminated the limit on the amount of oil Iraq could export, in order to enable Iraq to generate more revenues for humanitarian purchases. All proceeds from the oil sales must still be deposited in the U.N.-supervised escrow account.
- ! Resolution 1284 began the process, continued in subsequent oil-for-food program rollover resolutions, of easing restrictions on the flow of civilian goods to Iraq. The resolution directed the Sanctions Committee to draw up lists of items, in several categories, that would no longer be subject to Sanctions Committee review, and therefore would not be vulnerable to "holds." The accelerated approval procedures for foodstuffs and educational goods began on March 1, 2000, and continued with pharmaceuticals, medical supplies, medical equipment, and agricultural equipment (March 29, 2000). Subsequent oil-for-food rollover resolutions made eligible for the new procedures water treatment and sanitation supplies (August 11, 2000) goods for the housing sector (February 26, 2001) and electricity supplies (May 24, 2001).
- ! Resolution 1284 laid the groundwork for foreign investment to explore for and produce oil in Iraq, although the resolution made this investment contingent on full Iraqi cooperation with UNMOVIC. Since late 2000, the Sanctions Committee has approved drilling in existing fields by two Russian firms (Tatneft and Slavneft) and a Turkish firm (Turkish Petroleum Company), but exploration of new fields is not permitted.
- ! Resolution 1284 created incentives for Iraq to cooperate with UNMOVIC by "express[ing] the intention," if Iraq is deemed to have "cooperated in all respects" with UNMOVIC, to suspend export and import sanctions for 120 days, renewable by Security Council. The Resolution implies that the Security Council would have to vote to implement the sanctions suspension. Under the resolution, UNMOVIC would use its first 60-day period inside Iraq setting a

⁶For full text of Resolution 1284, see [<http://www.un.org/Docs/scrses/1999/99sc1284.htm>].

new baseline for inspections and developing a work-plan for what remains to be done in order to be able to certify that Iraq is free of WMD. If sanctions were suspended, Iraq would once again be allowed to control its own revenues, although subject to strict but unspecified financial controls, according to the resolution. Arms exports to Iraq would still be banned and exports of dual use items would still be subject to scrutiny by the Sanctions Committee.

- ! Resolution 1284 also made some oil industry spare parts eligible for a streamlined approval process — contracts for such equipment are scrutinized by the same Sanctions Committee panel of oil overseers that review Iraq's oil sales contracts, without requiring full Sanctions Committee review. U.N. Security Council Resolution 1293 (March 31, 2000) increased to \$600 million, from \$300 million, the value of oil industry spare parts that Iraq could import per oil-for-food phase. This decision was taken in response to recommendations by the U.N. Secretary General that improving the humanitarian situation was contingent on the rehabilitation of Iraq's ability to export its oil.

Benefits of the Program

There is a consensus among U.N. officials and outside observers that the oil for food program has eased substantially, but not eliminated, human suffering in Iraq. The program, as well as some economic liberalization measures and illicit activity outside the program (discussed below), enabled Iraq to achieve 15% economic growth during 2000, according to the CIA's "World Factbook: 2001."

Few observers question that the program has made vast amounts of funds available for the purchase of food, medicine, and essential civilian goods. Table 1, supplied by the United Nations' Office of the Iraq Program, shows that higher oil prices, coupled with program modifications, have enabled Iraq to generate substantial revenues to fund imports. At times since the program began operations in December 1996, Iraq has generated more oil revenue than it did before the U.N. embargo was imposed in 1990 (about \$12.5 billion in *total* exports was generated in 1988), although substantial deductions are taken to pay the cost of implementing the program and for reparations payments. During 2000 (phases seven and eight), Iraq generated a total of about \$17 billion in oil revenues.

From inception until September 6, 2002, the program has generated over \$56 billion in revenues. During that same period of time, contracts for exports to Iraq of civilian goods worth \$37 billion have been approved, with goods worth \$24.3 billion having been delivered.

As noted in the table below, Iraq's sales of oil have run significantly below capacity since early 2001. The decrease is largely a result of disputes between Iraq and the United Nations over the formula for pricing Iraq's oil. Some members of the Sanctions Committee have sought to complicate Iraq's ability to impose surcharges on its oil buyer — such surcharges of about 30 - 50 cents per barrel constitute illicit revenue and are prohibited. In September 2001, to reduce Iraq's surcharging ability, the pricing formula was changed to "retroactive pricing," in which the oil is priced

after sale. This has significantly reduced Iraq's oil sales by about 25%, although the United Nations has noted a rebound to previous levels (about 2 million barrels per day) in September 2002. Iraq has sometimes unilaterally interrupted the sale of oil to protest Security Council policy or to challenge the United States and its allies. For example, Iraq suspended its oil sales for the month of April 2002 in protest against Israel's military incursion into the West Bank.

Table 1. Revenue Generated by Oil-For-Food Program
(through September 6, 2002)

Phase Number (each phase is six months)	Volume Sold (millions of barrels)	Value of Export (\$billion)	Average Price per Barrel (\$)
One December 10, 1996 - June 7, 1997 (\$2 billion export ceiling) ^a	120	2.15	17.92
Two June 8, 1997 - December 4, 1997	127	2.125	16.73
Three December 5, 1997 - May 29, 1998	182	2.085	11.46
Four May 30, 1998 - November 25, 1998 (Export ceiling raised to \$5.2 billion by Resolution 1153)	308	3.027	9.83
Five November 26, 1998 - May 24, 1999	360.8	3.947	10.94
Six May 26, 1999 - December 11, 1999	389.6	7.402	19.00
Seven December 12, 1999 - June 8, 2000 (Export ceiling lifted permanently by Resolution 1284)	343.4	8.302	24.13
Eight June 9, 2000 - December 5, 2000	375.7	9.564	25.50
Nine December 6, 2000 - July 3, 2001	293	5.638	19.24
Ten July 4, 2001 - November 30, 2001	300.2	5.35	17.82
Eleven December 1, 2001 - May 29, 2002	225.9	4.589	20.31
Twelve (a/o September 6, 2002) May 30, 2002 - November 25, 2002	91.7	2.233	24.35
Totals/Averages	3,117.3	56.412	18.10

Source: U.N. Office of the Iraq Programme.
[<http://www.un.org/Depts/oip/latest/basicfigures.html>].

a. Applicable U.N. Security Council resolutions allow Iraq to generate revenue, over and above the ceilings, to pay the costs of transit fees for exporting oil through Turkey, which explains why some figures might exceed stated ceilings.

The following represent the major accomplishments of the program in improving the living standards of the Iraqi people.

Food. In his November 19, 2001 report on the program, U.N. Secretary General Kofi Annan notes that, in Baghdad-controlled Iraq, the Iraqi government is now importing and distributing food sufficient to maintain about 90% of the U.N. target caloric intake of 2,463 kilocalories per person per day. The full ration was achieved only during December 2000. The report notes that few families can buy additional food, although the prices of foodstuffs in Iraq have remained relatively stable. A report by oil-for-food program head Benon Sevan, submitted September 25, 2002, said that “the steady pace of supply for most of the food basket continued.” The Secretary General’s report does not identify any food problems for the three Kurdish provinces, which is consistent with press reports that food has become relatively abundant there, sometimes to the detriment of local agricultural production.

Health and Sanitation. The Secretary General’s November 2001 report said that the increased distribution of health supplies and production and import of drugs have improved health services for patients, particularly in the areas of infectious diseases and heart disorders. The report also noted improvement in the diagnostic and other equipment in use in Iraq’s hospitals. In the related area of water and sanitation, the Secretary General’s report said that there has been some recent improvement because of the arrival of vehicles and purification chemicals and equipment to increase the production of potable water. Benon Sevan’s September 25, 2002 report said that U.N. observers were finding an overall decrease in the incidence of diseases such as cholera, measles, and meningitis.

In mid-1999, UNICEF released its first country wide survey of infant and maternal mortality in Iraq since 1991. The survey took a number of precautions to ensure that the survey results would not be altered or modified and UNICEF is confident that the survey information is accurate. It showed that infant mortality in the southern and central sections of Iraq (under the control of the Iraqi government) rose from 47.1 deaths per thousand live births during 1984-1989 to 107.9 deaths per thousand during 1994-1999. The under five-year-old mortality rate rose from 56 to 130.6 per thousand live births in the same time period. According to the report, this increase in mortality resulted in about 500,000 more deaths among children under five than would have been the case if child mortality trends noted prior to 1990 (imposition of sanctions) had continued. In the northern part of Iraq (currently under the protection of the international community) the mortality rate has declined over the same period: infant mortality dropped from 63.9 per thousand live births in 1984-1989 to 58.7 in 1994-1999 and under five-year-old mortality dropped from 80.2 per thousand live births to 71.8 per thousand.

Education. The Secretary General’s November 2001 report identifies significant shortages of materials and equipment throughout the education sector. According to an earlier report (September 8, 2000), Iraq’s literacy rate (53.7% of adults and 70.7% of the youth) “has remained fixed for a number of years.”

Continuing Debate Over Sanctions

Even though most observers agree that the oil-for-food program has improved living conditions in Iraq substantially, debates have continued over how to improve the effectiveness of the program and over whether and how to ease international sanctions on Iraq. The United States and Britain have tended to place most of the blame for the program's shortcomings on Iraq, alleging that the Iraqi regime disregards the needs of its people. U.N. administrators of the program criticize Iraq on similar grounds, but they also attributed program deficiencies to U.S. and British policy, which they allege slows or halts the flow of infrastructure equipment that is required to realize the program's benefits.

The issue of contract holds on infrastructure equipment has been one of the most contentious that the United Nations has faced. Past U.N. reports on the program claim that infrastructure equipment, such as trucks, communications gear, forklifts, electricity, and water treatment equipment, are crucial to the timely distribution and proper storage and functioning of foodstuffs and medical products. At the time of the adoption in May 2002 of aspects of the "smart sanctions" plan discussed below, the United States had placed almost \$5 billion of goods on hold.

In response to international criticism of the holds, the United States asserted that 90% of all contracts were approved and that the holds had minimal impact. The United States maintained that all contracts needed to be scrutinized to ensure that no equipment would be used to rebuild WMD programs, especially because U.N. weapons inspectors are not in Iraq to monitor dual use exports that are shipped there. U.S. officials say they want to ensure that no contract is being awarded solely to encourage political support for Iraq from parent governments and that all contracts submitted for review must provide required technical specifications.

U.N. reports discuss the impact of the holds on the humanitarian situation, but some also cite Iraq for often failing to follow U.N. procurement recommendations and for failing to efficiently distribute program imports, particularly medicine and medical equipment. The Secretary General's May 18, 2001 report criticizes Iraq for failing to submit purchase applications for health, education, and water treatment supplies, as well as energy equipment for phase nine. U.N. reports do not accuse Iraq of purposely diverting imports from the program to the military or regime supporters, although some U.S. reports, such as a February 28, 1998 State Department fact sheet, say Iraq has diverted other food stocks to these elements. The November 2001 report was somewhat less critical of Iraqi procurement practices than were past reports.

Some of the fault appears to lie with factors outside the control of any particular party. The Secretary General's September 8, 2000 report attributes the decline of the health sector, in part, to the departure from Iraq of foreign and Iraqi health professionals.

The "Smart Sanctions" Plan. With no permanent end to international sanctions in sight due to the lack of U.N. weapons inspections, the debate over further modifications to the oil-for-food program has remained the centerpiece of a broader debate over Iraq sanctions. This debate intensified in May and June 2001

when the five permanent members of the U.N. Security Council attempted to incorporate into an oil-for-food rollover a U.S. plan to implement “smart sanctions” on Iraq. The smart sanctions plan represented an effort, articulated primarily by Secretary of State Colin Powell at the beginning of the Bush Administration, to rebuild a consensus to contain Iraq. The U.S. plan centered on a trade-off in which restrictions on the flow of civilian goods to Iraq would be greatly eased and, in return, Iraq’s illicit trade with its neighbors would be brought under the oil-for-food program and its monitoring and control mechanisms. The next effect, according to the concept, would be to target sanctions only on limiting Iraq’s strategic capabilities, and not on its civilian economy.

The smart sanctions plan was intended to defuse criticism by several governments, including permanent members of the U.N. Security Council France, Russia, and China, that the United States is using international sanctions to promote the overthrow of the Iraqi government or to punish Iraq indefinitely for the invasion of Kuwait. These governments appear to believe that no amount of Iraqi cooperation with the United Nations will be sufficient to persuade the United States to lift sanctions on Iraq, and they and other governments have moved unilaterally to skirt or erode the sanctions regime.

Differences between the permanent members over how to implement these measures prevented immediate agreement on the U.S. plan. With phase nine of the oil-for-food program set to expire on June 4, 2001, the permanent five members of the Security Council began discussions on the U.S. smart sanctions plan, but no agreement was reached, and the oil-for-food program was extended with no changes. With the September 11, 2001 attacks and the war in Afghanistan bringing the United States politically closer to Russia and, to a lesser extent, China, the Security Council reached agreement to adopt some elements of the U.S. plan, as provided for in Security Council Resolution 1409 (May 14, 2002). The following discusses the debate that led to Resolution 1409, and compares what was agreed to in the resolution versus what had been sought in the original U.S. smart sanctions proposals.

- ! **List of Restricted Items.** A major point of dispute was the criteria for placing items on a list of goods that would continue to need Sanctions Committee review (the Goods Review List). Russia and France initially maintained that the proposed list, which included such goods as high performance computers, optical sensing technology, drilling equipment, aircraft spare parts, and marine sensing gear,⁷ was too extensive, and would have the net effect of hindering the rebuilding of Iraq’s civilian infrastructure. However, France and China ultimately agreed to the compromise list, and this aspect of the U.S. plan was incorporated into Resolution 1409.
- ! **Border Controls.** Border control provisions, a central element of the original U.S. smart sanctions plan, were not included in Resolution 1409, largely because of strong opposition by Iraq’s neighbors to controls on illicit trade

⁷A May 24, 2001 draft of the list of goods that would still be subject to review is at [<http://www.cam.ac.uk/societies/casi/info/annex010524.html>].

with Iraq. Iraq's neighbors maintained that enhanced border controls would harm their economies. Early drafts of what later became Resolution 1409 called on the U.N. Secretary General to consult with Iraq's neighbors to formulate a plan for them to buy up to 150,000 barrels per day of oil from Iraq, with the proceeds to be held in escrow. The early drafts also called for the United Nations to enhance its border monitoring procedures to ensure that no contraband goods reach Iraq. None of these provisions, nor any variations of them, were contained in Resolution 1409.

- ! **Flights.** Early draft resolutions of the smart sanctions plan attempted to gain some control over international civilian flights to Iraq by requiring that their cargo be inspected at designated airports outside Iraq. The draft proposals would have permitted Jordan to return six Iraqi Airways passenger aircraft grounded in Amman since the Gulf war, and Tunisia to return four planes there. These provisions were not contained in Resolution 1409.
- ! **Foreign Investment/Energy Exploration.** Early drafts of the smart sanctions resolution "expresse[d] an intention" to permit foreign companies to provide services in Iraq. Some diplomats interpreted this as implicitly including energy exploration services, although most observers believed that such permission would need to be explicit. Permanent Security Council members Russia, France, and China have pressed for investment in Iraq's energy sector, and companies from these countries have reached agreement with Iraq to develop several oil fields if and when the prohibition on foreign exploration is lifted. No provision along these lines was included in Resolution 1409.
- ! **Oil Sales Surcharges.** The early smart sanctions proposals attempted to address the reported practice of Iraq's surcharges of about 30 - 50 cents per barrel of oil, which goes into the coffers of Iraq's government. The drafts stipulate that a list of companies authorized to do business with Iraq be drawn up, a list which it is widely understood would include only large, well-known international oil firms that would not pay Iraq these surcharges. This provision was not incorporated into Resolution 1409, but the Sanctions Committee subsequently addressed the issue separately by adopting the "retroactive pricing" mechanism. The surcharging issue is discussed further below in the section on illicit trade.

Other Sources of Humanitarian Aid

UNICEF, the World Food Program (WFP) the U.N. Development Program (UNDP), the European Community (ECHO), the International Committee of the Red Cross (ICRC), governments, and private relief organizations such as Catholic Relief Services and Save the Children continue to provide additional relief to supplement the oil-for-food program. UNICEF, ECHO, and WFP focus their humanitarian aid on the South and Central part of the country rather than on the economically better off Kurdish north.

It is impossible to determine precisely the total amounts of bilateral and multilateral aid by all donors. However, the U.N. Secretary-General's recent reports and statements have suggested that these aid sources are declining, possibly because

donors believe the oil-for-food program is satisfying Iraq's needs. Secretary General Annan has called for increased international assistance to Iraq, and Resolution 1284 "encourages" countries and international organizations to provide supplementary humanitarian aid and educational materials to Iraq. After Baghdad's incursion into the Kurdish north in late August 1996, the United States virtually ended its assistance program for northern Iraq, which had been about \$45 million per year. The incursion caused all American-based humanitarian relief organizations in northern Iraq to leave in fear of Iraqi reprisals against them.

There is no single source for information on humanitarian assistance to Iraq. A recent report of the Organization for Economic Cooperation and Development (OECD), which provides donor information for the years 1994 through 1998, indicates that Iraq received a total of \$76.36 million in bilateral assistance in 1998.⁸ This does not include any funds provided by U.N. agencies but does include grants by the European Commission (ECHO). A Washington-based official of the European Commission said in June 2001 that the European Union has given over \$200 million in aid to Iraq since 1991.

Illicit Trade

In order to generate funds that it can use without restriction, Iraq has conducted illicit oil dealings with its neighbors and other countries. It has generated additional funds by imposing surcharges on oil buyers. The primary concern of U.S. officials is that Iraq is reportedly using these revenues to buy prohibited military and WMD technology. U.S. officials have also accused Iraq of squandering the illicit revenues on projects and items that do not improve living standards for average Iraqis. On February 29, 2000, the Clinton Administration accused the Iraqi government of using its resources to build nine lavish palaces (valued at about \$2 billion) and to import non-essential items such as cigarettes and liquor.⁹

There are no authoritative figures for the value of illicit trade with Iraq. However, the most widely cited estimates come from a study, released in May 2002, by the General Accounting Office (GAO).¹⁰ According to the GAO study, Iraq earned \$6.6 billion in illicit revenue from oil smuggling and surcharges during 1997-2001. Of that total, GAO estimates \$4.3 billion was from illicit oil sales and \$2.3 was from surcharges on oil and commissions from its contracts to buy civilian goods (kickbacks). The study estimates that during 2001, Iraq earned \$1.5 billion from illicit oil sales through Jordan, Syria, Turkey, and the Persian Gulf; and about \$700 million from surcharges and contract kickbacks.

⁸Geographical Distribution of Financial Flows to Aid Recipients. Disbursements, Commitments, Country Indicators. 1994-1998. OECD. 2000.

⁹Alcohol is classified as a food, so the imports are technically legal under the international sanctions regime in place since Iraq's August 2, 1990 invasion of Kuwait.

¹⁰ GAO-02-625. Weapons of Mass Destruction: U.N. Confronts Significant Challenges in Implementing Sanctions Against Iraq. General Accounting Office, May 2002.

Additional details on Iraq's illicit dealings are discussed below.

Jordan. Since the Gulf war, Jordan has notified the Security Council that it imports Iraqi oil (between 70,000 - 100,000 barrels per day as of March 2002, according to the GAO study) at below-market prices. The oil is in exchange for civilian goods and write-downs of Iraq's debt to Jordan. The United States supports the Sanctions Committee decision to "take note of" the Jordanian purchases, neither approving them nor deeming them a violation. The Administration has routinely waived unilateral sanctions on Jordan that could be imposed because of this trade.¹¹ In October 2000, Jordan cancelled an agreement with Lloyd's Registry, in force since 1993, for the firm to inspect Iraq-bound cargo in Jordan's port of Aqaba. This inspection agreement covered goods other than those imported under the oil-for-food program; goods imported under the program are monitored at all points of entry, including the Iraq-Jordanian border.

Iran/Persian Gulf. The GAO study estimates that Iraq was exporting illicitly about 30,000 - 40,000 barrels per day through the Persian Gulf in March 2002. This exportation is apparently conducted with cooperation from Iran. Of the funds generated through this export channel, about one-half go to Iraq, one-quarter go to smugglers and middlemen, and one-quarter go to Iran's Revolutionary Guard for "protection fees" to allow the shipments to hug its coast and avoid capture. Many believe that exports through the Gulf were higher during 1998-2000, but they have fallen because Iraq is diverting oil to the Syrian route, where there are fewer middlemen to pay. In early November 2000, Iraq openly admitted it is using its Gulf ports for contraband imports by announcing it would import 30,000 Toyota automobiles "from Qatar and the United Arab Emirates."¹² Neither of these Gulf states have land borders with Iraq and both of them have called for the easing of Iraq sanctions.

Syria/Military Technology Exports to Iraq. In late 2000, according to several press reports, Iraq began exporting oil through an Iraq-Syria pipeline, closed since 1982 but now repaired. According to the GAO study, Iraq exported 180,000 - 250,000 barrels per day through this route in March 2002. This exportation is reputedly under a bilateral agreement with Syria under which Syria refines the Iraqi oil for domestic use, and pays Iraq about half the world market price for oil, freeing up extra Syrian oil for export. Resolution 1284 states the Security Council's "intention" to allow new oil export routes, such as this line, and the U.S. and British position is to oppose the reopening of this line unless it is brought under the oil-for-food program and its monitoring and control mechanisms.

There is growing concern that Syria is becoming a major transit point for prohibited imports by Iraq of military equipment and technology that could be used for WMD. In July 2002, a respected Israeli military expert reported that Syria had served as a transit point for Iraq's importation of Russian-made engines for combat aircraft (sold by Ukraine) and tanks (sold by Bulgaria and Belarus), and Czech-made

¹¹Every fiscal year since 1994, Congress has included a provision in foreign aid appropriations cutting U.S. aid to countries that violated the Iraq embargo.

¹²"Iraq to Import 30,000 Toyota Vehicles." *Dow Jones Newswire*, November 1, 2000.

anti-aircraft cannons (sold by the Czech Republic).¹³ According to the same article, Syria also passed on prohibited equipment to Iraq sold by Hungary and Serbia.

In late September 2002, both Ukraine and Belarus denied providing weapons systems or dual use technology to Iraq. However, in late September 2002, the Bush Administration initiated what it called a “temporary pause” in U.S. assistance to Ukraine (about \$55 million held up) because of allegations that Ukraine has provided the “Kolchuga” early warning radar system to Iraq. In February 2001, the United States struck an air defense network that was being upgraded with the help of a Chinese firm, according to press accounts, although it is not known how the fiber optic equipment reached Iraq.

Turkey. According to the GAO study, Iraq exported the equivalent of 40,000 - 80,000 barrels per day of oil through Turkey in March 2002. The exportation is in the form of 450 Turkish trucks per day carrying Iraqi oil products (not crude oil) through the Iraqi Kurdish areas into Turkey in spare fuel tanks. The Turkish government taxes and regulates the illicit imports. As in the case of Jordan, the U.S. Administration has routinely waived the imposition of U.S. sanctions on Turkey for permitting this illicit trade.

Oil Sales Surcharges. As noted above, the GAO study estimates that Iraq earned over \$700 million in 2001 from oil sales surcharges and kickbacks on purchases of goods. The GAO study obtains that estimate by assuming that Iraq obtained a surcharge of 35 cents on each barrel of oil sold under the oil-for-food program. The GAO estimated the “kickback” percentage for Iraq at 5 percent of the value of each purchase contract.

As noted above, the Sanctions Committee moved to curb Iraq’s ability to surcharge on oil sales by adopting a “retroactive pricing” formula. The United Nations said in late September 2002 that Iraq, in part due to the pricing formula, had ended its surcharging practice and that Iraq’s oil sales were rebounding.

Prior to adopting retroactive pricing in September 2001, the Sanctions Committee had evaluated a number of alternative methods. One proposal, not adopted, was to price Iraq’s oil every ten days or every fifteen days rather than monthly. Another idea, not adopted, was to limit Iraq’s oil buyers to major international oil firms, rather than smaller oil traders that were willing to pay Iraq the surcharge. A press report in March 2001 (Reuters, March 8, 2001) listed companies that were purchasing Iraqi oil; many are small companies from countries that seek to do business with Iraq or are sympathetic to easing sanctions on Iraq. U.S. majors are said to buy some Iraqi oil shipments from these small traders.

The list included: Italtel (Italy); Mastek, and Quantum Holdings (Malaysia); Zarubezhneftegas, Mashinoimport, Slavneft, Sidanco, and Rosneftimpex (Russia); Fenar (Lichtenstein); Emir Oil, Coastal Oil Derivatives, and Benzol (United Arab Emirates); Nafta Petroleum, and KTG Kentford Globe (Cyprus); Glencore, and Lokia Sari (Switzerland); Al Hoda (Jordan); Belmetalenergo (Belarus); Samasu (Sudan);

¹³ Schiff, Ze’ev. Syria Buys Arms for Iraq. *Ha’aretz*, July 15, 2002.

Erdem (Turkey); African Petroleum (Namibia); Shaher Trading (Yemen); Aredio (France); Commercial Home (Ukraine); Awad Ammora (Syria); Montega (South Africa); Afro Eastern (Ireland); and Bulf Drilling (Romania).

Oil Exploration Contracts. There are no public allegations that any international oil companies have begun new oil exploration investments in contravention of existing U.N. resolutions. However, a number of companies have signed exploration deals that would go into effect if and when the ban on oil exploration is lifted. Much of the focus of U.S. officials has been on oil exploration deals by Russian firms. In general, Russia seeks to obtain repayment of Iraq's \$7 billion in debt to Moscow, and possibly to earn funds selling arms to Iraq if such sanctions are eventually lifted. In August 2002, it was reported that Russia and Iraq will soon sign a \$40 billion economic cooperation agreement, although it is not clear that any of the planned cooperation would violate oil-for-food or other sanctions guidelines. France has long had substantial economic interests in Iraq as well. Some of the presumptive contracts for oil exploration in Iraq include the following:¹⁴

- ! Al Ahdab field — China National Oil Company (China)
- ! Nassiriya field — Agip (Italy) and Repsol (Spain)
- ! West Qurna — Lukoil (Russia)
- ! Majnoon — Total Fina Elf (France)
- ! Nahr Umar — Total Fina Elf (France)
- ! Tuba — ONGC (India) and Sonatrach (Algeria)
- ! Ratawi — Royal Dutch Shell (Britain and the Netherlands)
- ! Block 8 — ONGC (India)

Flights to Iraq. Since September 2000, Iraq may have conducted an unknown amount of additional illicit trade aid from flights to and from Iraq. These flights began as relief flights carrying humanitarian aid, intended to challenge the U.S. and British interpretation of U.N. Security Council Resolution 670 (September 25, 1990). Resolution 670 requires the banning of flights to or from Iraq that are carrying any "cargo to or from Iraq or Kuwait other than food in humanitarian circumstances, subject to authorization by the Council ..." or the Sanctions Committee. Prior to September 2000, the U.S. interpretation prevailed that all flights to Iraq require Sanctions Committee authorization prior to takeoff. France, Russia, and other governments, although not opposed in principle to inspecting cargo bound for Iraq, argue that passengers are not "cargo" and that the U.S. interpretation that Resolution 670 restricts all flights to Iraq is not correct.

The cargo on these flights has not been subjected to any U.N. monitoring to ensure that the cargo comports with oil-for-food guidelines. Since September 2000, regular charter flights have begun between Iraq and Syria and Iraq and Jordan. The United States criticized those governments that allow the flights to proceed without approval, but no U.S. or U.N. measures have been taken against the flights or against Jordan or Syria.

¹⁴Morgan, Dan and David Ottaway. In Iraqi War Scenario, Oil Is Key Issue. *Washington Post*, September 15, 2002.

One donation to Iraq in November 2000 drew strong U.S. criticism and a sanction. A member of the royal family of Qatar presented Saddam Husayn with a Boeing 747 jumbo jet as a “gift.” The Qatari, Hamad bin Ali bin Jabr Al Thani, heads the Gulf Falcon air services company, which gave him access to the aircraft. On November 24, 2000, the Clinton Administration announced that exports and reexports of many U.S. goods would need specific Commerce Department approval for sale to Mr. Al Thani or his businesses. U.S. officials said that sanctions were imposed to ensure that U.S. goods would not be improperly diverted to Iraq.

Appendix: Overview of U.S. Regulations Governing U.S. Participation in the Oil-for-Food Program¹⁵

The Iraqi Sanctions Regulations implement Executive Orders No. 12722 (August 2, 1990) and 12724 (August 9, 1990), issued after Iraq's August 2, 1990 invasion of Kuwait. The executive orders imposed a ban on U.S. trade with and investment in Iraq, and froze Iraq's assets in the United States. The Iraq Sanctions Act of 1990 (Section 586 of P.L. 101-513, signed November 5, 1990) reinforces those executive orders. The August 9 executive order amended the August 2 executive order to align U.S. sanctions with U.N. Security Council Resolution 661 (August 6, 1990), in keeping with the United Nations Participation Act (22 U.S.C. 287c). That resolution imposed a comprehensive embargo on all Iraqi imports and exports.

In the aftermath of Iraq's invasion, Iraq was again placed on the U.S. list of state sponsors of terrorism under Section 6(j) of the Export Administration Act (P.L. 96-72). Iraq had been removed from the list in 1982. Countries on the terrorism list are barred from receiving U.S. foreign assistance, votes in favor of international loans, and sales of munitions list items (arms and related equipment and services). Exports of dual use items (items that can have military applications) are subject to strict licensing procedures.

U.S. regulations governing trade with Iraq have since been modified to allow for U.S. participation in the oil-for-food program. Key provisions of the U.S. sanctions include the following:

U.S. firms may apply to the Office of Foreign Assets Control (OFAC) of the Treasury Department for specific licenses for the following activities under the oil-for-food program:

- ! “the sale and exportation to Iraq of medicines, health supplies, foodstuffs, and materials and supplies for essential civilian needs.” The goods can be sold, subject to a license, to the government of Iraq or to a U.N. entity distributing aid under the program.
- ! “the purchase and exportation from Iraq of Iraqi-origin petroleum and petroleum products;”
- ! “the trading, importation, exportation or other dealings in or related to Iraq-origin petroleum and petroleum products outside Iraq; and”
- ! “the sale and exportation to Iraq of parts and equipment that are essential for the safe operation of the Kirkuk-Yumurtalik (Iraq-Turkey) pipeline system in Iraq.”

¹⁵Source: Iraq: What You Need to Know About the U.S. Embargo. An Overview of the Iraqi Sanctions Regulations – Title 31, Part 575 of the U.S. Code of Federal Regulations. U.S. Department of the Treasury, Office of Foreign Assets Control, [<http://www.treas.gov/ofac/>].

In addition:

- ! The regulations “generally” prohibit “the performance of contracts in support of industrial, commercial, public utility, or governmental projects” in Iraq. U.S. persons may not provide financing or consulting services to a foreign country company where those services would benefit such projects in Iraq. U.S. persons may not provide consulting services or goods, in connection with Iraqi projects, to foreign subsidiaries of U.S. corporations, although foreign subsidiaries themselves are not subject to U.S. regulations.
- ! All transfers of funds by U.S. persons to the government of Iraq or to persons in Iraq, are prohibited, as are “all commitments or transfers of credit, financial transactions, or contracts.”
- ! All transportation-related services, or the use by U.S. persons of vehicles, ships or aircraft registered in Iraq, are prohibited. Travel-related transactions by U.S. persons are also prohibited, with the exception of travel related to journalism, or U.S. government or United Nations business.

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International Law and the Preemptive Use of Force Against Iraq

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Summary

In his speech to the United Nations on September 12, 2002, President Bush described the regime of Saddam Hussein in Iraq as “a grave and gathering danger,” detailed that regime’s persistent efforts to acquire weapons of mass destruction and its persistent defiance of numerous Security Council resolutions requiring Iraq to disarm, and raised the specter of an “outlaw regime” providing such weapons to terrorists. The President left little doubt that, with or without UN support, the United States would act to force Iraq to disarm and otherwise abide by its past commitments, and that military force might well be used to accomplish that objective. One issue raised by that policy is the legality of the preemptive use of force under international law. This report examines that issue as developed in customary international law and under the United Nations Charter. It will be updated as events warrant. (For historical information on the preemptive use of force by the U.S., see CRS Report RS21311, *U.S. Use of Preemptive Use of Force*.)

Preemptive Military Attacks Under Customary International Law

Until recent decades customary international law deemed the right to use force and even to go to war to be an essential attribute of every state. As one scholar summarized:

It always lies within the power of a State to endeavor to obtain redress for wrongs, or to gain political or other advantages over another, not merely by the employment of force, but also by direct recourse to war.¹

Within that framework customary international law also consistently recognized self-defense as a legitimate basis for the use of force:

An act of self-defense is that form of self-protection which is directed against an aggressor or contemplated aggressor. No act can be so described which is not

¹ Hyde, Charles Cheney, *International Law Chiefly As Interpreted and Applied by the United States*, Vol. 3 (1945), at 1686.

occasioned by attack or fear of attack. When acts of self-preservation on the part of a State are strictly acts of self-defense, they are permitted by the law of nations, and are justified on principle, even though they may conflict with the ... rights of other states.²

Moreover, the recognized right of a state to use force for purposes of self-defense traditionally included the preemptive use of force, *i.e.*, the use of force in anticipation of an attack. Hugo Grotius, the father of international law, stated in the seventeenth century that “[i]t be lawful to kill him who is preparing to kill.”³ Emmerich de Vattel a century later similarly asserted:

The safest plan is to prevent evil, where that is possible. A Nation has the right to resist the injury another seeks to inflict upon it, and to use force ... against the aggressor. It may even anticipate the other’s design, being careful, however, not to act upon vague and doubtful suspicions, lest it should run the risk of becoming itself the aggressor.⁴

The classic formulation of the right of preemptive attack was given by Secretary of State Daniel Webster in connection with the famous *Caroline* incident. In 1837 British troops under the cover of night attacked and sank an American ship, the *Caroline*, in U.S. waters because the ship was being used to provide supplies to insurrectionists against British rule in Canada headquartered on an island on the Canadian side of the Niagara River. The U.S. immediately protested this “extraordinary outrage” and demanded an apology and reparations. The dispute dragged on for several years before the British conceded that they ought to have immediately offered “some explanation and apology.” But in the course of the diplomatic exchanges Secretary of State Daniel Webster articulated the two conditions essential to the legitimacy of the preemptive use of force under customary international law. In one note he asserted that an intrusion into the territory of another state can be justified as an act of self-defense only in those “cases in which the necessity of that self-defense is instant, overwhelming, and leaving no choice of means and no moment for deliberation.”⁵ In another note he asserted that the force used in such circumstances has to be proportional to the threat:

It will be for [Her Majesty’s Government] to show, also, that the local authorities of Canada, even supposing the necessity of the moment authorized them to enter the territories of the United States at all, did nothing unreasonable or excessive; since the act, justified by the necessity of self-defence, must be limited by that necessity, and kept clearly within it.⁶

² *Id.* Vol. 1, at 237.

³ Grotius, Hugo, *The Law of War and Peace*, at 1625.

⁴ de Vattel, Emmerich, *The Law of Nations*, Vol. IV, at 3.

⁵ Letter from Secretary of State Daniel Webster to Lord Ashburton of August 6, 1842, set forth in Moore, John Bassett, *A Digest of International Law*, Vol. II (1906), at 412.

⁶ Letter from Mr. Webster to Mr. Fox of April 24, 1841, 29 British and Foreign State Papers 1129, 1138 (1857), quoted in Damrosch, Lori, *International Law: Cases and Materials* (2001), at 923.

Both elements – necessity and proportionality – have been deemed essential to legitimate the preemptive use of force in customary international law.⁷

Effect of the United Nations Charter

However, with the founding of the United Nations, the legitimacy of the use of force by individual states under international law has been substantially narrowed. The Charter of the UN states in its Preamble that the UN is established “to save succeeding generations from the scourge of war”; and its substantive provisions obligate the Member States of the UN to “settle their international disputes by peaceful means” (Article 2(3)) and to “refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any State, or in any manner inconsistent with the Purposes of the United Nations” (Article 2(4)). In place of the traditional right of states to use force, the Charter creates a system of collective security in which the Security Council is authorized to “determine the existence of any threat to the peace, breach of the peace, or act of aggression” and to “decide what measures shall be taken ... to maintain international peace and security” (Article 39).

Although nominally outlawing most uses of force in international relations by individual States, the UN Charter does recognize a right of nations to use force for the purpose of self-defense. Article 51 of the Charter provides:

Nothing in the present Charter shall impair the inherent right of individual or collective self-defence if an armed attack occurs against a Member of the United Nations, until the Security Council has taken measures necessary to maintain international peace and security.⁸

The exact scope of this right of self-defense, however, has been the subject of ongoing debate. Read literally, Article 51's articulation of the right seems to preclude the preemptive use of force by individual states or groupings of states and to reserve such uses of force exclusively to the Security Council. Measures in self-defense, in this understanding, are legitimate only *after* an armed attack has already occurred.⁹

⁷ In its advisory opinion on the *Legality of the Threat or Use of Nuclear Weapons*, the International Court of Justice stated that “[t]he submission of the exercise of the right of self-defence to the conditions of necessity and proportionality is a rule of customary international law.” 1996 I.C.J. Reports para. 41.

⁸ United Nations Charter, Article 51.

⁹ This reading of Article 51 finds support in the decision of the International Court of Justice in *Military and Paramilitary Activities in and Against Nicaragua (Nicaragua v. United States of America)*, 1986 I.C.J. Reports p. 14. The Court decided the case on the basis of customary international law rather than Articles 2(4) and 51 of the UN Charter but found the latter to “correspond, in essentials, to those found in customary international law.” The gravamen of the Court's ruling was that in customary international law as well as Article 51, the use of force in self-defense is justified only in response to an armed attack:

... [F]or one State to use force against another ... is regarded as lawful, by way of exception, only when the wrongful act provoking the response was an armed attack
.... In the view of the Court, under international law in force today – whether
(continued...)

Others contend that Article 51 should not be construed so narrowly and that “it would be a travesty of the purposes of the Charter to compel a defending state to allow its assailant to deliver the first, and perhaps fatal, blow”¹⁰ To read Article 51 literally, it is said, “is to protect the aggressor’s right to the first strike.”¹¹ Consequently, to avoid this result, some assert that Article 51 recognizes the “inherent right of individual or collective self-defence” as it developed in customary international law prior to adoption of the Charter and preserves it intact. The reference to that right not being impaired “if an armed attack occurs against a Member of the United Nations,” it is said, merely emphasizes one important situation where that right may be exercised but does not exclude or exhaust other possibilities.¹²

In further support of this view, it is argued that the literal construction of Article 51 simply ignores the reality that the Cold War and other political considerations have often paralyzed the Security Council and that, in practice, states have continued to use force preemptively at times in the UN era and the international community has continued to evaluate the legitimacy of those uses by the traditional constraints of necessity and proportionality. Examples used to illustrate these contentions have included the following:

- ! In 1962 President Kennedy, in response to photographic evidence that the Soviet Union was installing medium range missiles in Cuba capable of hitting the United State, imposed a naval “quarantine” on Cuba in order “to interdict ... the delivery of offensive weapons and associated material.”¹³ Although President Kennedy said that the purpose of the quarantine was “to defend the security of the United States,” the U.S. did not rely on the legal concept of self-defense either as articulated in Article 51 or otherwise as a justification for its actions. Abram Chayes,

⁹ (...continued)

customary international law or that of the United Nations system – States do not have a right of “collective” armed response to acts which do not constitute an “armed attack.”

Id. para. 211.

¹⁰ Statement by Sir Humphrey Waldock, quoted in Roberts, Guy, “The Counterproliferation Self-Help Paradigm: A Legal Regime for Enforcing the Norm Prohibiting the Proliferation of Weapons of Mass Destruction,” 27 *Denver Journal of International Law and Policy* 483, 513 (1999).

¹¹ *Id.*

¹² Simma, Bruno, ed., *The Charter of the United Nations: A Commentary* (1994), at 51. This contention finds some support in the advisory opinion of the International Court of Justice in *Legality of the Threat or Use of Nuclear Weapons*, 1996 I.C.J. Reports para. 96-97. In passing on the question of whether it might ever be legal for a nation to use nuclear weapons, the Court refused to construe Article 51 or customary international law to preclude “the use of nuclear weapons by a State in an extreme circumstance of self-defence, in which its very survival would be at stake.” The Court’s decision did not specifically deal with the question of preemptive attack. But it seems to give support to an expansive understanding of what might be permissible in instances of extreme necessity.

¹³ Proclamation 3504, 27 Fed. Reg. 10401 (October 25, 1962).

the Legal Adviser to the State Department at that time, later explained the decision not to rely on that justification as follows:

In retrospect ... I think the central difficulty with the Article 51 argument was that it seemed to trivialize the whole effort at legal justification. No doubt the phrase “armed attack” must be construed broadly enough to permit some anticipatory response. But it is a very different matter to expand it to include threatening deployments or demonstrations that do not have imminent attack as their purpose or probable outcome. To accept that reading is to make the occasion for forceful response essentially a question for unilateral national decision that would not only be formally unreviewable, but not subject to intelligent criticism, either Whenever a nation believed that interests, which in the heat and pressure of a crisis it is prepared to characterize as vital, were threatened, its use of force in response would become permissible In this sense, I believe that an Article 51 defence would have signalled that the United States did not take the legal issues involved very seriously, that in its view the situation was to be governed by national discretion, not international law.¹⁴

- ! In 1967 Israel launched a preemptive attack on Egypt and other Arab states after President Nasser had moved his army across the Sinai toward Israel, forced the UN to withdraw its peacekeeping force from the Sinai border, and closed the port of Aqaba to Israeli shipping, and after Syria, Iraq, Jordan, and Saudi Arabia all began moving troops to the Israeli borders. In six days it routed Egypt and its Arab allies and had occupied the Sinai Peninsula, the West Bank, and the Gaza Strip. Israel claimed its attack was defensive in nature and necessary to forestall an Arab invasion. Both the Security Council and the General Assembly rejected proposals to condemn Israel for its “aggressive” actions.¹⁵
- ! On June 7, 1981, Israel bombed and destroyed a nuclear reactor under construction in Iraq. Asserting that Iraq considered itself to be in a state of war with Israel, that it had participated in the three wars with Israel in 1948, 1967, and 1973, that it continued to deny that Israel has a right to exist, and that its nuclear program was for the purpose of developing weapons capable of destroying Israel, Israel claimed that “in removing this terrible nuclear threat to its existence, Israel was only exercising its legitimate right of self-defense within the meaning of this term in international law and as preserved also under the United Nations Charter.”¹⁶ Nonetheless, the Security Council unanimously “condemn[ed] the military attack by Israel in clear violation of the

¹⁴ See Chayes, A., *The Cuban Missile Crisis* (1974), at 63-64, quoted in Carter, Barry, and Trimble, Phillip, *International Law* (1999), at 1241-42.

¹⁵ The Security Council, instead, adopted Resolution 242 calling on Israel to withdraw from the territories and for the termination of all claims or states of belligerency and the acknowledgment of the territorial integrity and the right of every State in the region to live in peace.

¹⁶ 20 ILM 996 (July, 1981) (excerpts from Security Council debate).

Charter of the United Nations and the norms of international conduct” and urged the payment of “appropriate redress.”¹⁷

Current Situation

Thus, in both theory and practice the preemptive use of force appears to have a home in current international law; but its boundaries are not wholly determinate. Its clearest legal foundation is in Chapter VII of the UN Charter. Under Article 39 the Security Council has the authority to determine the existence not only of breaches of the peace or acts of aggression that have already occurred but also of threats to the peace; and under Article 42 it has the authority to “take such action by air, sea, or land forces as may be necessary to maintain or restore international peace and security.” These authorities clearly seem to encompass the possibility of the preemptive use of force. As a consequence, the preemptive use of force by the United States against Iraq or any other sovereign nation pursuant to an appropriate authorization by the Security Council would seem to be consonant with international law. Less clear is whether international law currently allows the preemptive use of force by a nation or group of nations without Security Council authorization. That would seem to be permissible only if Article 51 is not read literally but expansively to preserve as lawful the use of force in self-defense as traditionally allowed in customary international law. As noted, the construction of Article 51 remains a matter of debate. But so construed, Article 51 would not preclude the preemptive use of force by the U.S. against Iraq or other sovereign nations. To be lawful, however, such uses of force would need to meet the traditional requirements of necessity and proportionality.

If customary international law governing the preemptive use of force does remain valid, a primary difficulty still remains of determining what situations meet the test of necessity. As illustrated in the examples listed above, that requirement is most easily met when an armed attack is clearly imminent, as in the case of the Arab-Israeli War of 1967. But beyond such obvious situations, as Abram Chayes argued, the judgment of necessity becomes increasingly subjective; and there is at present no consensus either in theory or practice about whether the possession or development of weapons of mass destruction by a rogue state justifies the preemptive use of force. Most analysts recognize that if overwhelmingly lethal weaponry is possessed by a nation willing to use that weaponry directly or through surrogates, some kind of anticipatory self-defense may be a matter of national survival; and many contend that international law ought, if it does not already do so, to allow for the preemptive use of force in that situation. But many states and analysts are decidedly reluctant to legitimate the preemptive use of force even in that situation on the grounds the justification can easily be abused. Moreover, it remains a fact that the international community judged Israel’s destruction of Iraq’s nuclear reactor site in 1981 to be an aggressive act rather than an act of self-defense; and there has not been any further refinement of the characteristics that might make analogous situations meet the test of necessity. Given this fluidity, the legality under international law of a preemptive attack on Iraq or another sovereign nation by the U.S. in the current situation, if done apart from authorization by the Security Council, may not be able to be judged with any certainty at the outset. Moreover, it may ultimately have the effect of shaping what is deemed to be a lawful preemptive use of force.

¹⁷ *Id.* at 993 (S/RES/487 adopted on June 19, 1981).

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Nuclear Nonproliferation Issues

SUMMARY

The United States has been a leader of worldwide efforts to prevent the spread of nuclear weapons. To this end, the international community and many individual states have agreed to a range of treaties, laws, and agreements, known collectively as the nuclear nonproliferation regime, aimed at keeping nations that do not have nuclear weapons from acquiring them.

The nonproliferation regime has also been concerned with preventing terrorists from obtaining a nuclear weapon or the materials to craft one. The attacks on New York and Washington September 11 added a new level of reality to the threat that terrorists might acquire a nuclear weapon and explode it in a populated area.

Other nonproliferation concerns include a number of regional crisis points: the India-Pakistan arms race, North Korea, and the Middle East, primarily Iraq, Iran, and Israel. There is concern about China's actions in expanding its nuclear force, and of Chinese and Russian activities that may encourage proliferation in the other regions.

Disposing of plutonium and highly enriched uranium from dismantled Russian nuclear weapons, while preventing it from falling into the hands of terrorists or other

proliferators, is another current focus of nonproliferation activities. In the longer term, the major question is fulfilling the pledge in the Nuclear Nonproliferation Treaty (NPT) by the nuclear weapons states, including the United States, to pursue complete nuclear disarmament, in the face of skepticism about the possibility, or even the wisdom, of achieving that goal.

The terrorist attacks of September 11 added the suddenly more realistic threat of an even more unimaginable assault with a nuclear explosive. While terrorists have not been ignored in nonproliferation efforts, particularly with regard to Russian nuclear materials, the major focus has been on preventing nation states from developing weapons capabilities. While many features of the nonproliferation regime, such as export controls and monitoring, are applicable to the terrorist threat, some shift in focus may be necessary.

Numerous U.S. agencies have programs related to nuclear nonproliferation, but the major activities are carried out by the Departments of State, Defense, and Energy. DOE's program is part of the National Nuclear Security Administration, which is responsible for the management of the U.S. nuclear weapons program.

MOST RECENT DEVELOPMENTS

The Administration's FY2003 budget request, released in February 2002, included increases in funding for nonproliferation activities in the Defense Department (DOD), State Department (DOS) and the Department of Energy (DOE). The FY2003 request for the Defense Department's Former Soviet Union Threat Reduction program was \$416.7 million, compared to \$400.2 million for FY2002. The request for the DOS's Nonproliferation, Anti-Terrorism, Demining and Related (NADR) Program was \$372.4 million, compared with \$313.5 million appropriated for FY2002 (in H.R. 2506/P.L. 107-115). DOE's Defense Nuclear Nonproliferation Programs received \$803.6 million in the FY2002 Energy and Water Development Appropriations Act (H.R. 2311/P.L. 107-66) and an additional \$226.0 million in the FY2002 Defense and Emergency Supplemental Appropriations Act (H.R. 3338/P.L. 107-117) for a total of \$1.0296 billion. The request for FY2003 was \$1.1136 billion.

On July 10 the House Appropriations Subcommittee on Energy and Water Development recommended funding DOE's Nuclear Nonproliferation Programs at \$1.167 billion. The full Appropriations Committee voted out the bill September 5. The Senate Appropriations Committee reported the Energy and Water bill on July 24 with funding of \$1.125 billion for DOE's Nuclear Nonproliferation Programs.

BACKGROUND AND ANALYSIS

Nuclear Nonproliferation Policy

One of the enduring nightmares of the post-Cold War world has been that terrorists might obtain a nuclear weapon, or the materials to craft one. For many, this nuclear nightmare was tempered by disbelief that terrorist organizations would be capable of exploding a nuclear device in a populated area, and merciless enough to carry out such an assault. The September 11 attacks on the World Trade Center and the Pentagon cast serious doubt on such reassuring considerations.

While attention may have been redirected to the terrorist threat, other concerns about the proliferation of nuclear weapons have not been diminished. The United States has long been a leader of worldwide efforts to prevent the spread of nuclear weapons to additional nations, as well as to nongovernmental entities. Since the 1950s these nonproliferation efforts have built up a broad international structure, including treaties, international organizations with inspection mechanisms, and other agreements, complemented by wide-ranging domestic legislation.

The centerpiece of this structure is the Nuclear Nonproliferation Treaty (NPT). Under the terms of the NPT, the five declared nuclear weapons states — the United States, the United Kingdom, Russia, France and China — agreed “not in any way to assist” any non-weapons state to acquire nuclear weapons. They also agreed to reduce and eventually eliminate their own nuclear arsenals. The non-weapons states agreed not to develop nuclear

weapons and to allow the International Atomic Energy Agency to inspect their nuclear facilities and materials to ensure that peaceful nuclear technology is not diverted to military purposes. The NPT also guarantees non-weapons states access to peaceful nuclear technology. Since the end of the cold war, participation in the NPT has been almost universal. Except for India and Pakistan, whose pursuit of nuclear weapons capabilities and 1998 tests of nuclear explosives are a principal nonproliferation concern, only Israel and Cuba have not signed the NPT.

Beyond the NPT, the United States relies on various positive and negative incentives to persuade countries that may be interested in nuclear weapons not to acquire them. For countries facing security threats, the United States has provided security guarantees in the form of alliances that address the underlying motivation to acquire nuclear weapons. Both Japan and Germany, for example, had nuclear weapons programs during the Second World War and might have continued to pursue nuclear weapons after the war if the United States had not included them as allies. After the Cold War, Ukraine, Belarus, and Kazakhstan relinquished their nuclear capabilities to ensure good relations with the West.

Another important nonproliferation tool is technology denial. The United States and other suppliers of nuclear technology try to prevent countries such as Iran, Iraq, India, North Korea, Pakistan, and Israel that are trying to develop nuclear weapons from buying the equipment they need to produce nuclear weapons. One potential problem after the Cold War could result from loose controls on nuclear technology, materials, and expertise in Russia and the former Soviet republics. The concern is that countries seeking nuclear weapons might circumvent international technology controls by purchasing or stealing materials and/or expertise from inadequately secured facilities in the former Soviet Union. The United States has spent over \$3 billion since the end of the Cold War helping those countries improve security for nuclear assets.

Sanctions are another way the United States has tried to deter and punish proliferators. Sanctions cut off U.S. aid, economic assistance, military cooperation, and technology access to countries that violate nonproliferation agreements or take steps, such as testing nuclear weapons, that threaten U.S. national security objectives. However, sanctions are sometimes controversial, as in the case of India and Pakistan. The Executive Branch sometimes prefers not to impose sanctions to avoid damaging relations with other countries, and Congress has sometimes relaxed sanctions, as was the case with India and Pakistan after they tested nuclear weapons.

Finally, the Department of Defense tries to deter acquisition and use of nuclear weapons by maintaining a strong military force. If nonproliferation and deterrence fail, the Defense Department is prepared to use military force to destroy weapons of mass destruction. The military component of nonproliferation policy is often referred to as counterproliferation.

Nonproliferation efforts have been concerned with three major types of problems. In the short term they focus on a number of regional crisis points: the India-Pakistan arms race, North Korea, and the Middle East, primarily Iraq, Iran, and Israel. There is concern also about China's actions in expanding its nuclear force, and of Chinese and Russian activities that may encourage proliferation in the other regions. A second problem is the disposal of plutonium and highly enriched uranium from dismantled Russian nuclear weapons, while preventing it from falling into the hands of terrorists or other proliferators. In the longer

term, the major problem is fulfilling the pledge in the NPT by the nuclear weapons states, including the United States, to pursue complete nuclear disarmament, in the face of skepticism about the possibility, or even the wisdom, of achieving that goal.

To these concerns has now been added a suddenly more realistic threat that terrorists, having achieved such shocking devastation in the destruction of the World Trade Towers in New York, may be tempted to carry out an even more unimaginable assault with a nuclear explosive. While terrorists have not been ignored in nonproliferation efforts, particularly with regard to Russian nuclear materials, the major focus has been on preventing nation states from developing weapons capabilities. While many features of the nonproliferation regime, such as export controls and monitoring, are applicable to the terrorist threat, some shift in focus may be necessary.

International Nonproliferation Structures and Organizations

The International Nuclear Nonproliferation Regime

The nuclear nonproliferation regime to deter further spread of nuclear weapons consists of treaties, international organizations, and multilateral and bilateral agreements, augmented by various unilateral actions intended to prevent further proliferation.

Major components of the regime include:

- ! The Nuclear Nonproliferation Treaty (NPT), which entered into force in 1970. It commits non-nuclear weapons members not to acquire nuclear weapons, and to allow international inspection of all their nuclear activities to verify this commitment. It commits nuclear weapons states not to assist non-weapons states to develop nuclear weapons, and to pursue the goal of an end to the nuclear arms race and eventually to nuclear disarmament.
- ! The International Atomic Energy Agency (IAEA), an international organization of the United Nations, established in Vienna, whose safeguards system verifies NPT compliance. Non-weapons NPT parties negotiate inspection agreements with the IAEA to verify the peaceful use of their nuclear materials.
- ! Informal international groups, including the Nuclear Suppliers Group (NSG), a committee of nuclear supplier nations that maintains multilateral guidelines for nuclear exports, and the Zangger Committee, an NPT affiliate that maintains a “trigger list” of nuclear items requiring safeguards. The NSG and Zangger guidelines were strengthened in 1992, after the Gulf War and the crisis with Iraq’s nuclear weapons program. The Missile Technology Control Regime (MTCR), which restricts exports of nuclear-capable missiles, is another component of the nonproliferation structure.

- ! The Convention on Physical Security for Nuclear Materials (1987) sets international security standards for storing, using, and transporting nuclear materials.

The Nonproliferation Treaty and the IAEA

The NPT provides the legal and institutional basis for international nonproliferation policy. Like all international agreements, it depends for its success on the good will of its participants, and does not guarantee that countries will not violate their commitments. However, to reinforce the good intentions of the signatories, the NPT set up an inspection system called safeguards, based on agreements between non-weapons states and the IAEA that permit routine inspections. The IAEA has no enforcement power; it can only report discrepancies to the U.N. By presenting the prospect that clandestine proliferation activities will be detected and exposed, the inspection system is designed to deter proliferation through international pressure, disapproval, and possible sanctions and countermeasures.

In order to prevent proliferation, IAEA inspections must be effective, and the prospect of international disapproval strong enough to deter a non-weapons NPT member from pursuing nuclear weapons development. Since the Gulf War, efforts to strengthen IAEA inspection powers have been underway, culminating in May 1997 with the adoption of a “model protocol” agreement intended to give inspectors more access to a wider array of activities, information, and facilities.

IAEA Inspections. In the aftermath of the 1991 Persian Gulf War, U.N. inspectors were surprised at the scope of Iraq's nuclear weapons program and the progress Iraq had made toward obtaining nuclear weapons despite regular IAEA inspections. A major weakness in the existing system was that inspectors only inspected sites and facilities listed in the safeguards agreements with the agency. The Strengthened Safeguards System adopted at the May 1995 NPT extension and review conference gives inspectors strengthened ability to detect clandestine nuclear activities. Strengthened safeguards include taking environmental samples, no-notice inspections of nuclear facilities, complete access to records to confirm that all nuclear materials have been declared, and remote and unattended monitoring. A new modification to IAEA safeguards agreements with member states requires an “expanded declaration” by all NPT members of nuclear-related activities such as uranium mining. It also authorizes IAEA access to any place. However, implementation of the strengthened safeguards system has been slow.

To persuade other countries to accept the new inspections, the United States agreed to accept the new measures itself. In June 1998 the United States reached agreement with the IAEA on how the model protocol would be applied in the United States. For many years the United States has allowed the IAEA access to U.S. nuclear facilities, although the purpose of inspecting U.S. facilities for diversion is symbolic. The new agreement includes a provision that would allow the United States to restrict IAEA inspections to protect national security. Senate ratification of the agreement is necessary before it can take effect.

Enforcement. Even if IAEA inspectors detect clandestine nuclear weapons activity, the NPT contains no formal provisions for forcing a country to abandon the activity. Iraq's nuclear program was dismantled because U.N. forces militarily defeated Iraq after driving it out of Kuwait in 1991. In the absence of such military force a defiant NPT signatory could

presumably continue its activities if it were willing to resist nonmilitary international pressures and disapproval. North Korea, in the inspection crisis prior to the 1994 Agreed Framework that is now in effect, violated its obligations and announced that it was withdrawing from NPT. The Security Council did not take decisive action to enforce the NPT. North Korea reversed its decision only after being promised two nuclear power reactors and shipments of fuel oil. (See section on North Korea, below.)

The efforts of the nonproliferation regime to prevent the spread of nuclear weapons have not been without critics. Some view IAEA activities as ineffectual and toothless, easy to evade by an entity determined to develop nuclear weapons capability. Nor is the NPT system without its critics among non-nuclear-weapons nations.

NPT “Discrimination”

Despite the successful recruitment of almost all nations into the NPT, and the agreement in 1995 to make it permanent, a current of discontent exists about the difference in treatment of the five declared nuclear weapons states – who get to keep their weapons – compared with all the rest.

The Nuclear Bargain: Atoms for Peace. Part of the discontent derives from the changed prospects of commercial nuclear power. When the NPT was negotiated, peaceful nuclear power was viewed as a technology with great economic potential for all countries, both industrialized and developing. Joining the NPT was a quid pro quo under which non-weapons states renounced nuclear weapons in return for obtaining access to the technology and materials necessary to exploit commercial nuclear power — a concept that goes back to President Eisenhower’s 1954 “Atoms for Peace” initiative. However, since then the economic advantage of nuclear power has declined significantly. Nuclear power is important in many countries, but is under strong competition from other energy sources. The high capital cost of nuclear powerplants, and the technical skills required to operate them safely and economically, have been major barriers to use of nuclear energy by developing countries, even where the main alternatives are coal and imported fossil fuels. This part of the NPT bargain has thus not been very rewarding for many non-weapons states, although they continue to receive assistance in the uses of nuclear technology in medicine, agriculture, and scientific research.

The Nuclear Bargain: Disarmament. Another part of the original NPT bargain was a promise by all signatories, including the weapons states, to “pursue negotiations in good faith” for the “cessation of the nuclear arms race at an early date and to nuclear disarmament, and on a treaty on general and complete disarmament under strict and effective international control” (Article VI). At the time the NPT was negotiated, the first goal, an early end to the arms race between the United States and the Soviet Union, must have seemed unlikely, nuclear disarmament unattainable in the foreseeable future, and “general and complete disarmament” altogether utopian.

The nuclear powers did pursue negotiations over strategic arms limitations in the 1970s and 1980s, and the abrupt end of the Cold War and the collapse of the Soviet Union made deep reductions in nuclear armaments possible. However, some non-weapon NPT states want more progress toward the goal of nuclear disarmament.

The major vehicle for efforts in this direction in the 1990s was a treaty banning nuclear tests. The treaty would essentially confirm the moratorium on nuclear testing that all the weapons states, including the United States, were observing. However, when the Comprehensive Test Ban Treaty (CTBT) was finally negotiated and signed, and submitted to the Senate by President Clinton in September 1997, it was controversial (see CRS Issue Brief IB92099, *Nuclear Weapons: Comprehensive Test Ban Treaty*). The Senate declined to ratify the CTBT on October 13, 1999, by a vote of 48-51. Despite this action, U.S. delegates to the NPT review conference in 2000 reaffirmed the commitment to negotiate total nuclear disarmament.

Despite the uncertainty introduced by rejection of the CTBT, steps toward ending the nuclear arms race and nuclear disarmament have continued, as called for in Article VI of the NPT. In January 2002 the Bush Administration released the results of its “Nuclear Posture Review,” announcing that nuclear planning would no longer address the “Russian threat,” as left over from the Cold War, but would develop capabilities to meet a range of threats from unspecified countries. The redirection would be accompanied by a large, unilateral reduction in deployed nuclear weapons. However, the new policy also included development of a controversial missile defense capability, and improving the nuclear weapons “infrastructure” to allow resumption of testing and possible development of new weapons more rapidly. Although the Administration statement did not indicate that such activities were contemplated or necessary, the suggestion that they might be in the future caused dismay in some nonproliferation circles. (For details, see CRS Report RS21133, *The Nuclear Posture Review: Overview and Emerging Issues*.)

Proliferation Motives

Peaceful nuclear power may have lost its glitter, and the prospect of complete nuclear disarmament may be dim. On the other hand, the motives for pursuing nuclear weapons remain unchanged. A few states facing urgent security threats might view nuclear weapons as the best way to deter attack. Noting that all five of the permanent members of the United Nations Security Council are nuclear weapons states, some might view them as important for prestige. Still others might view them as effective battlefield weapons that can be used to defeat enemies and conquer territory.

Despite these motivations, many countries have abandoned nuclear weapons and have sought other ways to ensure their security. Germany and Japan, both major powers, are non-weapons states. In 1991, South Africa, having made the transition to majority rule, revealed and dismantled its clandestine program and renounced nuclear weapons. Argentina and Brazil, both of which had secret nuclear weapons programs under military governments, abandoned them under civilian rule and joined the NPT. Former Soviet republics Ukraine, Belarus, and Kazakhstan returned the Soviet weapons left on their territory and joined the NPT. In these countries, nuclear weapons were seen as creating more problems than they solved. Many hoped that this trend of the early 1990s would continue.

Interest in nuclear weapons, however, did not disappear. Besides ongoing tensions in South Asia between India and Pakistan, tensions in the Middle East between Israel and its Arab neighbors, and between Iraq and Iran, persist. China and Russia remain proliferation concerns as potential sources of nuclear technology, and North Korea is still a serious proliferation threat. A major concern is that other countries, especially those bordering

known proliferators, might feel compelled to acquire nuclear weapons to counter the nuclear, chemical, biological or conventional weapons of their neighbors.

U.S. Nonproliferation Policy

The United States has been and continues to be a leading proponent of the international nonproliferation regime. At the domestic level is a system of export control and licensing laws (and regulations) covering transfers of nuclear technology or materials, including dual-use technology that can contribute to nuclear weapons development. There are also laws requiring sanctions for violations of nonproliferation commitments, and sanctions against non-weapons states that obtain or test nuclear weapons. These sanctions were invoked in the case of India and Pakistan, but some were gradually suspended, and on September 22, 2001, President Bush lifted all sanctions imposed because of the 1998 tests.

Nuclear Cooperation and Export Controls

In order to engage in international trade in nuclear technology or materials (such as nuclear fuel), U.S. companies must obtain export licenses from the Nuclear Regulatory Commission (NRC). Before an export license can be applied for, there must be in force a bilateral agreement for peaceful nuclear cooperation between the U.S. government and the government of the importing nation. The conditions necessary for drawing up and approving an agreement for cooperation, laid out in Section 123 of the Atomic Energy Act, include a 90-day review by Congress. In several cases, congressional review of an agreement for cooperation has been controversial; most recently, Congress allowed an agreement with China to take effect in 1997, but it is still subject to criticism. (See section on China, below.) Others have attracted less attention. A single agreement is in force between the United States and the members of the European Atomic Energy Community (EURATOM).

In addition to NRC's licensing and regulation role, the Department of Energy (DOE) also participates in export controls. DOE authorizes the transfer of nuclear technology to countries having agreements for nuclear cooperation with the United States via "subsequent arrangements," the details of which are spelled out in Section 131 of the Atomic Energy Act of 1954. In general, NRC deals largely with licensing hardware, while DOE licenses information and knowledge, under regulations defined in 10 CFR Part 810.

Finally, the Department of Commerce also is involved in regulating exports of dual-use, nuclear-related commodities under the provisions of the Export Administration Act of 1979. That law expired and successive Congresses have not passed new legislation, although there have been several attempts to do so. Commerce continues to play a role in export regulation, however.

Nonproliferation Legislation

The Atomic Energy Act of 1954 (P.L. 88-703, as amended) established rules for nuclear commerce which have become the international norm. The Atomic Energy Act requires that a bilateral nuclear cooperation agreement be negotiated between the United States and any foreign country before major nuclear technology can be exported to that

country. The Nuclear Nonproliferation Act of 1978 (P.L. 95-242) strengthened those earlier rules and established the requirement of full scope safeguards as a condition of supply. This means that any country except the five NPT weapon-states that wants to import nuclear technology from the United States must accept IAEA safeguards on all of its nuclear facilities. This requirement has been adopted by all major nuclear suppliers except China.

Sanctions. In order to deter or punish proliferators, Congress has passed many laws imposing sanctions on countries that proliferate and those who assist them. The Arms Export Control Act and the Foreign Assistance Act contain provisions that cut off U.S. assistance to countries that illegally acquire nuclear weapons or the means to make them. These sanctions were imposed on Pakistan in the 1970s and 1980s when it was caught smuggling uranium enrichment equipment from Europe and the United States. However, the Pakistan sanctions were waived by Presidents Carter, Reagan, and Bush to allow continued U.S. aid to Pakistan during the Soviet invasion of Afghanistan. Aid was finally cut off in 1990 when President Bush did not provide the required certification that Pakistan did not possess nuclear weapons.

In 1994 Congress passed the Nuclear Proliferation Prevention Act, which requires sanctions against countries that aid or abet the acquisition of nuclear weapons or unsafeguarded nuclear weapons materials, or non-nuclear weapons countries that obtain or explode nuclear devices. Sanctions include: cutoff of U.S. assistance, stringent licensing requirements for technology exports, and opposition to loans or credits from international financial institutions. These sanctions were imposed on India and Pakistan following their nuclear tests in May 1998, but were gradually relaxed. Legislation passed in the 106th Congress extended the President's authority to relax sanctions on India and Pakistan for a year, and the Senate passed a bill suspending sanctions on the two countries for 5 years. The FY2000 Department of Defense Appropriations bill (P.L. 106-79) extended the authority to suspend sanctions. Following the September 11 terrorist attacks, President Bush lifted all remaining sanctions on India and Pakistan in response to support of U.S. operations in Afghanistan.

Critics of sanctions argue that they mainly punish U.S. firms and are often undercut by foreign countries that continue to trade with proliferators. Supporters of sanctions argue that they send a strong signal to proliferators and to other countries that proliferation has negative consequences and will disrupt "business as usual."

Federal Organization for Nonproliferation

The Departments of State, Energy, Defense, and Commerce; the intelligence community; and the U.S. Nuclear Regulatory Commission (NRC) are all involved in the formulation and implementation of nonproliferation policy.

- ! The National Security Council is the hub of nonproliferation policy, with the primary task of reconciling nonproliferation policy with foreign, trade, and national security policies.
- ! The State Department, in consultation with the Energy Department, negotiates U.S. agreements for nuclear cooperation and represents U.S.

nonproliferation interests with other states and international organizations such as the IAEA.

- ! The Department of Defense is responsible for counterproliferation strategy and policy, and also administers programs to help Russia guard and control its nuclear weapons complex.
- ! The Department of Energy provides expertise in nuclear weapons to support nonproliferation policy and diplomacy, largely through its national laboratories. It issues permits for the export of nuclear information and knowledge under so-called Part 810 regulations. DOE also administers some programs to control fissile materials in the former Soviet Union.
- ! The Nuclear Regulatory Commission licenses nuclear exports subject to concurrence by the Department of State.
- ! The Department of Commerce oversees licensing of dual-use exports as mandated by Section 309(c) of the Nuclear Non-proliferation Act, which requires controls on “all export items, other than those licensed by the NRC, which could be, if used for purposes other than those for which the export is intended, of significance for nuclear explosive purposes.”
- ! The Central Intelligence Agency has a Nonproliferation Center that coordinates intelligence aspects of nonproliferation policy.

Several interagency working groups coordinate the various responsibilities for nonproliferation policy.

Funding Nonproliferation Programs

As indicated above, the major nonproliferation activities are carried out by the Departments of State, Defense and Energy. The tables below present the funding appropriated for FY2001 and the FY2002 budget request for these activities.

Table 1. State Department Nonproliferation, Anti-Terrorism, Demining and Related (NADR) Programs
(\$ million)

	FY2002	FY2003 Request
Export Control Assistance	17.0	36.0
Science Centers	37.0	52.0
IAEA Voluntary Contribution	49.0	50.0
CTBT Preparatory Commission	20.0	18.2
KEDO	90.5	75.0

Antiterrorism Assistance	38.0	64.2
Terrorist Interdiction Program	4.0	5.0
Nonproliferation and Disarmament Fund	14.0	15.0
Other	44.0	57.0
Total, NADR Program	313.5	372.4

Not all the activities of the NADR program are concerned with nuclear nonproliferation. Of those that are:

- ! The Export Control Assistance program helps countries in the former Soviet Union, in the Middle East, the Mediterranean and other areas develop their ability to control exports of materials involved in proliferation of weapons of mass destruction (WMD);
- ! The Science Centers program supports two facilities in Moscow and Kiev to redirect activities of former Soviet Union experts in WMD;
- ! Anti-Terrorism Assistance is largely a training program in Europe, the former Soviet Union, Near East Asia and other areas;
- ! The Comprehensive Nuclear Test Ban Treaty (CTBT) Preparatory Commission mainly supports an International Monitoring System for detecting nuclear explosions;
- ! The IAEA Voluntary Contribution supports activities, particularly nuclear inspections, that are vulnerable to the agency's chronic funding crisis;
- ! The Korean Peninsula Energy Development Organization (KEDO) funds activities under the 1994 Agreed Framework with North Korea (see below), and,
- ! The Nonproliferation and Disarmament Fund provides funding for quick response to unanticipated or unusually difficult nonproliferation needs.

Table 2. Defense Department Former Soviet Union Cooperative Threat Reduction Programs
(\$ million)

	FY2002	FY2003 Request
Strategic Offensive Arms Elimination – Russia	133.4	70.5
Weapons Storage Security – Russia	55.0	40.0
Weapons Transportation Security – Russia	9.5	19.7

Elimination of Weapons Grade Plutonium Production – Russia	41.7	0.0*
Strategic Nuclear Arms Elimination – Ukraine	50.0	6.5
WMD Infrastructure Elimination – Ukraine & Kazakhstan	12.0	17.8
WMD Proliferation Prevention – Former Soviet Union	0.0	80.0
Other (Including Biological and Chemical Weapons programs)	98.6	222.2
Total, FSU Threat Reduction	400.2	416.7

*Program transferred to Department of Energy International Nuclear Safety program (See Table 3 below).

As in the State Department, not all CTR activities are directed to nuclear nonproliferation objectives. A new program for FY2003, Weapons of Mass Destruction Proliferation Prevention – FSU, is aimed at enhancing the capability of non-Russian FSU countries to combat illicit trafficking in WMD materials across borders. For a detailed discussion of the CTR program, see CRS Issue Brief IB98038, *Nuclear Weapons in Russia: Safety, Security and Control Issues*.

Table 3. DOE Defense Nuclear Nonproliferation Programs
(\$ million)

	FY2002	FY2003 Request	FY2003 House	FY2003 Senate
Nonproliferation and Verification R&D	286.5	283.4	283.4	293.4
Nonproliferation and International Security	75.7	92.7	92.7	92.7
International Materials Protection, Control and Accounting (MPC&A)	293.0	233.1	233.1	233.1
Russian Transition Initiative	42.0	39.3	39.3	39.3
International Nuclear Safety	20.0	64.0	60.9	64.0
HEU Transparency Implementation	14.0	17.2	17.2	17.2
Fissile Materials Disposition	302.4	448.0	438.0	448.0
Adjustments and Other Programs	(4.0)	(64.1)	3.0	(72.1)
Total, Defense Nuclear Nonproliferation	1,029.6	1,113.6	1,167.6	1,115.6

Proliferation R&D activities are aimed at techniques to monitor nuclear explosions, remotely detect the early stages of a nuclear weapons program, improve detection of foreign nuclear materials, and develop expertise in the areas of chemical and biological weapons. Nonproliferation and International Security programs, formerly called “Arms Control,” are concerned with international safeguards, export controls, treaties and agreements.

The MPC&A program is concerned with reducing the threat posed by unsecured Russian weapons and weapons-usable material. The Russian transition initiative includes two programs dealing with the problem of employing former Soviet nuclear weapons experts. The Initiatives for Proliferation Prevention (IPP) program is a cooperative arrangement between DOE laboratories and science and engineering institutes in Russia, Ukraine, Kazakhstan and Belarus. The Nuclear Cities Initiative (NCI) involves efforts to develop commercial activities in 10 formerly secret cities in Russia where nuclear weapons activities were carried out. The Highly Enriched Uranium (HEU) Transparency Implementation program, also described below, finances the agreement with Russia to use HEU from dismantled Soviet weapons for fuel for nuclear power reactors. The mission of the fissile material disposal program is to dispose of plutonium from dismantled weapons both in the United States and in Russia.

The nuclear safety program has been aimed at correcting specific safety deficiencies in Soviet-designed nuclear power reactors. With this mission largely achieved, the program will focus on safety issues in other countries. In addition, a program to eliminate production of plutonium in Russia was transferred from the Defense Department to DOE's nuclear safety program in FY2003. Three plutonium-producing reactors at two sites in Russia also produce power for civilian consumption, and U.S. efforts have been aimed at redesigning the plants so that any plutonium produced could remain unseparated. The program has been redirected to replacing the plants with fossil-fueled generating capacity and shutting down the reactors by 2006 and 2007.

Nuclear Proliferation in Specific Regions

India and Pakistan

The undeclared nuclear arms competition between India, Pakistan, and China reached a turning point on May 11, 1998, when India announced an underground test of three nuclear explosive devices, and followed it two days later with claims of two more. Declaring that China, with whom India had a border war in 1962, was "encircling" India militarily, in part by providing its bitter rival Pakistan with nuclear weapons capability and missile weaponry, Indian Prime Minister Atal Bihari Vajpayee defended the test as necessary to correct the "deteriorating security environment, especially the nuclear environment, faced by India for some years past." India has refused to sign the NPT, and has been a bitter critic of what it calls discrimination between the five weapons states and non-weapons states.

Pakistan said after the Indian tests that it was being dragged into a nuclear arms race, and two weeks later claimed to have set off five nuclear blasts of its own. The United States responded by imposing sanctions on both countries and by engaging in intensive diplomacy over the next several years. (President Bush lifted all sanctions on both countries relating to the nuclear tests, following the terrorist attacks of September 11.) Neither India nor Pakistan has resumed testing, but relations between them have remained tense, fed by the volatile armed confrontation in the border state of Kashmir. At the end of 2001, during a confrontation between the two countries following a terrorist attack on the Indian Parliament, the nuclear element of the conflict was cause of major alarm.

The Middle East and Israel

The ongoing confrontation between Islamic Middle East countries and Israel has long had a nuclear undercurrent. Israel has not signed the NPT, and has made no official acknowledgment of a weapons program. It is widely considered to have developed nuclear weapons capability, although it has not conducted a nuclear explosion. Israel's nuclear program has stimulated calls for an "Islamic bomb." Among Israel's neighbors, Iraq and Iran have been the focus of nuclear activity. Iraq, before its defeat in the Gulf War in 1991, actively pursued nuclear weapons development, despite having signed the NPT. Iran declares it has no nuclear weapons program, but the United States claims that it does.

Iraq's Nuclear Weapons Program: Dismantled But Still A Threat. Before the 1991 Gulf War, Iraq had an extensive covert nuclear weapons program that was built under the guise of legitimate nuclear research and development. As a member of the NPT, Iraq had allowed inspections of declared facilities by the IAEA, but successfully concealed the true nature of its nuclear program. After the war, U.N. Resolution 687 established a Special Commission and gave it authority to locate and remove Iraq's weapons of mass destruction. The U.N. Special Commission on Iraq (UNSCOM) conducted extensive investigations of Iraq's nuclear program that revealed a multi-billion dollar effort to build nuclear weapons. UNSCOM and the IAEA then dismantled Iraq's nuclear infrastructure. However, UNSCOM's inspectors left Iraq in 1998 and IAEA's limited inspection powers under the NPT agreement are feared inadequate to detect a renewal of nuclear weapons activities. (For details see CRS Issue Brief IB92117: *Iraq: Compliance, Sanctions, and U.S. Policy.*)

Iran's Nuclear Program. Top U.S. officials have warned repeatedly that Iran has a program to acquire nuclear weapons. Iran has reportedly attempted to purchase nuclear materials from the former Soviet Union and nuclear equipment from many countries. The relatively effective embargo of nuclear sales to Iran is undermined by Russia's efforts to complete a nuclear power plant at Bushehr, which had been started by Germany in the 1970s under the former Shah of Iran. The revolutionary government that overthrew the Shah in 1979 abandoned the project, then unsuccessfully tried to get Germany to revive it. Russia's MINATOM agency has contracted to finish the plant with one of its own reactor designs, but progress has been slow.

Iran is a member of the NPT and allows inspections of its nuclear program. Nevertheless, many observers suspect that Iran, which possesses substantial reserves of oil and natural gas, is using its civilian nuclear program as a pretense to establish the technical basis for a nuclear weapons option.

China

China has long been a nonproliferation concern. Until 1992 it refused to join the NPT, even as one of the privileged five nuclear weapons states. It was widely viewed as the major supplier of Pakistan's nuclear weapons program in the 1980s and early 1990s, and also as a supplier of aid and technology to Iran, although Chinese officials continue to deny helping either country's weapons program. India, in justifying its own nuclear weapons tests, cited China's help to Pakistan as a major motive in developing nuclear weapons capability.

China gradually took steps to join the international nonproliferation community. In 1985, the United States negotiated a nuclear cooperation agreement that would facilitate the export of U.S. nuclear power reactors to China. Congress, however, attached conditions to the agreement, including a requirement that the President certify to Congress that China was abiding by its nonproliferation commitments before the agreement could go into effect. The certification was not made, largely because of evidence of China's aid to Pakistan. Finally, during the October 1997 visit of Chinese President Jiang Zemin, President Clinton announced that he would certify that China had met the requirements necessary to activate the agreement. Among actions cited by President Clinton was a written Chinese agreement not to participate in any new nuclear projects with Iran. The certification was submitted to Congress on January 12, 1998. It was required to lie before Congress for 30 days of continuous session before the agreement could take effect. Opposition to the President's action was expressed by some Members of Congress, but the agreement went into effect in March 1998 after the 30 days elapsed.

China's past involvement in Pakistan's nuclear weapons program, and India's accusation that it needed to test nuclear explosives because it was being "encircled" by China, made China a major player in the nuclear escalation in Southeast Asia. In addition, China in recent years has been expanding and modernizing its own nuclear arsenal, and has been involved with allegations of spying on U.S. weapons technology facilities in the Department of Energy.

North Korea's Noncompliance with its NPT and IAEA Obligations

North Korea joined the NPT in 1985, but delayed inspections until 1992. In February 1993, North Korea denied access by IAEA inspectors to two sites that IAEA (and U.S. intelligence) believed held evidence of clandestine nuclear work. In March 1993, North Korea notified the United Nations Security Council that it was withdrawing from the NPT, which permits withdrawal after 3 months notice. It subsequently suspended its withdrawal, but claimed to have "unique status" under the NPT, and continued to block inspections. Former CIA Director James Woolsey and Secretary of Defense William Perry warned that North Korea probably had enough plutonium for two bombs and that the fuel unloaded from the 25 MW(thermal) reactor could contain enough plutonium for several more bombs.

In October 1994, the United States signed an agreement with North Korea under which North Korea would shut down, but not dismantle, its existing reactor and reprocessing plant (needed to extract plutonium from irradiated nuclear fuel), and halt construction on other weapons-potential facilities, in return for provision of light water reactors less suited for producing plutonium for bombs. North Korea is also receiving shipments of heavy oil to compensate for energy that theoretically might have been generated from the reactors it agreed to shut down. The deal requires North Korea to eventually resolve outstanding safeguards violations, including its undeclared plutonium, before completion of the new reactors. An international consortium called the Korean Peninsula Energy Development Organization (KEDO) was established in March 1995 to coordinate the reactor construction project. (For details on the North Korean nuclear situation, see CRS Issue Brief IB91141, *North Korea's Nuclear Weapons Program*).

Russian Nuclear Weapons and Weapons Material

Russia and the United States do not have in force an agreement for peaceful nuclear cooperation. However, U.S. aid is being extended to Russia to help maintain safety and safeguards of the vast nuclear arsenal inherited from the former Soviet Union. (For details on Russia's nuclear weapons complex, see CRS Issue Brief IB98038, *Nuclear Weapons in Russia: Safety, Security, and Control Issues*.)

Disposal of Russian nuclear materials from dismantled weapons is also a nonproliferation issue. In February 1993 the United States and Russia agreed that highly enriched uranium from weapons would be diluted to a low enrichment level suitable for use in commercial nuclear power reactors, and that the U.S. Enrichment Corporation (USEC) would buy the uranium to supply to its customers. The arrangement has been complicated by the July 1998 privatization of USEC, but is going forward.

Disposal of plutonium from weapons is more of a problem, since the use of plutonium in power reactors is not widespread. Eventually the large stocks of both U.S. and Russian weapons plutonium will have to be dealt with. The Clinton Administration proposed, as a means of disposing of U.S. surplus weapons plutonium, a "dual track" strategy of mixing plutonium with uranium as mixed oxide (MOX) fuel for commercial power reactors, and vitrification (dissolving in glass) and disposal of the plutonium unsuited for fuel and the resulting fission products. In July 1998 the Department of Energy issued a draft Environmental Impact Statement on the program. An agreement with Russia signed in September 2000 set up a similar program for Russian plutonium disposal.

However, in submitting its FY2003 budget request, DOE declared that it was eliminating the immobilization part of the two-track program for U.S. plutonium and instead would add an "enhanced purification" stage to the MOX fuel fabrication facility so that most of the plutonium originally destined for immobilization would instead be consumed as MOX fuel. The original plan called for 27.6 metric tons (MT) of plutonium to be converted to MOX and 8.4 MT of impure plutonium to be immobilized. The revision would purify 6.4 MT and convert it to MOX, and send the remaining 2.0 MT highly impure plutonium directly to a waste disposal site.

The plan to use weapons plutonium as fuel for nuclear power reactors has raised opposition from some nonproliferation interest groups, who argue that immobilization and disposal is safer and less expensive than the MOX fuel option. The Russian MOX option is particularly troubled, because Russia does not have enough power reactors in which MOX can be used to dispose of significant amounts of plutonium, and has been asking for help to build new ones or to use the MOX in reactors in Germany or other countries, as well as aid in constructing a MOX fuel conversion facility. Further, Russia has declared that its ultimate goal is to recycle plutonium from commercial power reactors, raising concerns that aiding the disposal of weapons plutonium would encourage Russia to develop a "plutonium economy" in its power industry.

There is less concern about the security of U.S. weapons plutonium, but efforts to dispose of it also have run into difficulties. As part of the U.S. program, construction of a plant to convert plutonium into MOX fuel was planned for DOE's Savannah River Site (SRS) in South Carolina. The plutonium is currently stored in several DOE sites, including

the former plutonium processing facility at Rocky Flats in Colorado. DOE has agreed with Colorado authorities to close the Rocky Flats facility by 2006, and as part of the process of cleaning up the site has proposed starting to ship the plutonium located there to a temporary storage facility at SRS. However, South Carolina Governor Jim Hodges has objected to bringing the plutonium to SRS without an “ironclad” commitment for operating and funding the MOX facility, on the grounds that without it there was a risk that the unprocessed plutonium would be stored indefinitely in South Carolina.

The State of South Carolina went to federal court to block DOE’s shipments of plutonium from Rocky Flats, but the suit was dismissed June 13, 2002. In the meantime, legislation has been introduced to set a schedule for the MOX plant construction and operation, including penalties of up to \$100 million per year to be paid the state by DOE if the schedule is not followed. The bills were introduced in the House May 2, 2002, by Representative Graham (H.R. 4648) and in the Senate by Senators Thurmond and Allard (S. 2453). The provisions of the bill were included in the Senate version of the FY2003 Defense Authorization bill (Section 3182 of H.R. 4546 as passed by the Senate), but not in the House version. The bill is currently in conference.

CRS Report for Congress

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U.S. Use of Preemptive Military Force

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Summary

This report reviews the historical record regarding the uses of U.S. military force in a “preemptive” manner, an issue that has emerged due to the possible use of U.S. military force against Iraq. It examines and comments on military actions taken by the United States that could be reasonably interpreted as “preemptive” in nature. For purposes of this analysis we consider a “preemptive” use of military force to be the taking of military action by the United States against another nation so as to prevent or mitigate a presumed *military* attack or use of force by that nation against the United States. This review includes all noteworthy uses of military force by the United States since the establishment of the Republic. A listing of such instances can be found in CRS Report RL30172, *Instances of Use of United States Armed Forces Abroad, 1798-2001*. For an analysis of international law and preemptive force see CRS Report RS21314, *International Law and the Preemptive Use of Force Against Iraq*.

Background

In recent months the question of the possible use of “preemptive” military force by the United States to defend its security has been raised by President Bush and members of his Administration, including possible use of such force against Iraq.¹ This analysis reviews the historical record regarding the uses of U.S. military force in a “preemptive” manner. It examines and comments on military actions taken by the United States that could be reasonably interpreted as “preemptive” in nature. For purposes of this analysis we consider a “preemptive” use of military force to be the taking of military action by the United States against another nation so as to prevent or mitigate a presumed *military* attack or use of force by that nation against the United States. The discussion below is based upon our review of all noteworthy uses of military force by the United States since establishment of the Republic.

Historical overview. The historical record indicates that the United States has never, to date, engaged in a “preemptive” military attack against another nation. Nor has

¹ See speeches of President George W. Bush at West Point on June 1, 2002 at [<http://www.whitehouse.gov/news/releases/2002/06/20020601-3.html>]; and the President’s United Nations speech of September 12, 2002 at [<http://www.whitehouse.gov/news/releases/2002/09/20020912-1.html>]; Washington Post, June 2, 2002, p. A1; Washington Post, September 13, 2002, p.A1.

the United States ever attacked another nation militarily *prior* to its first having been attacked or *prior* to U.S. citizens or interests first having been attacked, with the singular exception of the Spanish-American War. The Spanish-American War is unique in that the principal goal of United States military action was to compel Spain to grant Cuba its political independence. An act of Congress passed just prior to the U.S. declaration of war against Spain explicitly declared Cuba to be independent of Spain, demanded that Spain withdraw its military forces from the island, and authorized the President to use U.S. military force to achieve these ends.² Spain rejected these demands, and an exchange of declarations of war by both countries soon followed.³ Various instances of the use of force are discussed below that could, using a less stringent definition, be argued by some as historic examples of “preemption by the United States. The final case, the Cuban Missile crisis of 1962, represents a threat situation which some may argue had elements more parallel to those presented by Iraq today—but it was resolved without a “preemptive” military attack by the United States.

The circumstances surrounding the origins of the Mexican War are somewhat controversial in nature—but the term “preemptive” attack by the United States does not apply to this conflict. During, and immediately following the First World War, the United States, as part of allied military operations, sent military forces into parts of Russia to protect its interests, and to render limited aid to anti-Bolshevik forces during the Russian civil war. In major military actions since the Second World War, the President has either obtained Congressional authorization for use of military force against other nations, in advance of using it, or has directed military actions abroad on his own initiative in support of multinational operations such as those of the United Nations or of mutual security arrangements like the North Atlantic Treaty Organization (NATO). Examples of these actions include participation in the Korean War, the 1990-1991 Persian Gulf War, and the Bosnian and Kosovo operations in the 1990s. Yet in all of these varied instances of the use of military force by the United States, such military action was a “response,” *after the fact*, and was not “preemptive” in nature.

Central American and Caribbean interventions. This is not to say that the United States has not used its military to intervene in other nations in support of its foreign policy interests. However, U.S. military interventions, particularly a number of unilateral uses of force in the Central America and Caribbean areas throughout the 20th century were not “preemptive” in nature. What led the United States to intervene militarily in nations in these areas was not the view that the individual nations were likely to *attack the United States militarily*. Rather, these U.S. military interventions were grounded in the view that they would support the Monroe Doctrine, which opposed interference in the Western hemisphere by outside nations. U.S. policy was driven by the belief that if stable governments existed in Caribbean states and Central America, then

² Joint Resolution of April 20, 1898, [Res. 24] 30 Stat. 738.

³ There was no direct military attack by Spain against the United States prior to the exchange of declarations of war by the nations, and initiation of hostilities by the United States in 1898. See *Declarations of War and Authorizations for the Use of Military Force: Background and Legal Implications*. CRS Report RL31133, by David M. Ackerman and Richard F. Grimmett. A notable event, the sinking of the U.S.S. *Maine* in Havana harbor, provided an additional argument for war against Spain for those advocating it in the United States. The actual cause of the sinking of the U.S.S. *Maine* in Havana harbor, even today, has not been definitively established. More recent scholarship argues that it was most likely *not* due to an external attack on the ship, such as the use of a mine by an outside party, but due to an internal explosion.

it was less likely that foreign countries would attempt to protect their nationals or their economic interests through their use of military force against one or more of these nations.

Consequently, the United States, in the early part of the 20th century, established through treaties with the Dominican Republic (in 1907)⁴ and with Haiti (in 1915)⁵, the right for the United States to collect and disperse customs income received by these nations, as well as the right to protect the Receiver General of customs and his assistants in the performance of his duties. This effectively created U.S. protectorates for these countries until these arrangements were terminated during the Administration of President Franklin D. Roosevelt. Intermittent domestic insurrections against the national governments in both countries led the U.S. to utilize American military forces to restore order in Haiti from 1915-1934 and in the Dominican Republic from 1916-1924. But the purpose of these interventions, buttressed by the treaties with the United States, was to help maintain or restore political stability, and thus eliminate the potential for foreign military intervention in contravention of the principles of the Monroe Doctrine.

Similar concerns about foreign intervention in a politically unstable Nicaragua led the United States in 1912 to accept the request of its then President Adolfo Diaz to intervene militarily to restore political order there. Through the Bryan-Chamorro treaty with Nicaragua in 1914, the United States obtained the right to protect the Panama Canal, and its proprietary rights to any future canal through Nicaragua as well as islands leased from Nicaragua for use as military installations. This treaty also granted to the United States the right to take any measure needed to carry out the treaty's purposes.⁶ This treaty had the effect of making Nicaragua a quasi-protectorate of the United States. Since political turmoil in the country might threaten the Panama Canal or U.S. proprietary rights to build another canal, the U.S. employed that rationale to justify the intervention and long-term presence of American military forces in Nicaragua to maintain political stability in the country. U.S. military forces were permanently withdrawn from Nicaragua in 1933. Apart from the above cases, U.S. military interventions in the Dominican Republic in 1965, Grenada in 1983, and in Panama in 1989 were based upon concerns that U.S. citizens or other U.S. interests were being harmed by the political instability in these countries at the time U.S. intervention occurred. While U.S. military interventions in Central America and Caribbean nations were controversial, after reviewing the context in which they occurred, it is fair to say that none of them involved the use of "preemptive" military force by the United States.⁷

Covert action. Although the use of "preemptive" force by the United States is generally associated with the *overt* use of U.S. military forces, it is important to note that

⁴ 7 UST 196.

⁵ 8 UST 660.

⁶ 10 UST 379.

⁷ For an excellent background discussion of U.S. policy toward the Caribbean and Central American nations during the first half of the 20th century see: Samuel Flagg Bemis, *A Diplomatic History of the United States*. New York. Holt, Rinehart and Winston, Inc. 1965, pp. 519-538. For a detailed historical study that provides valuable insights and commentary on U.S. actions taken toward Caribbean and Central American countries see chapters 9, 11, and 12 in Samuel Flagg Bemis, *The Latin American Policy of the United States*. New York. Harcourt, Brace & World, 1943. [reprinted in paperback in New York, by W.W. Norton & Company, Inc., 1967].

the United States has also utilized “covert action” by U.S. government personnel in efforts to influence political and military outcomes in other nations. The public record indicates that the United States has used this form of intervention to prevent some groups or political figures from gaining or maintaining political power to the detriment of U.S. interests and those of friendly nations. For example, the use of “covert action” was widely reported to have been successfully employed to effect changes in the governments of Iran in 1953, and in Guatemala in 1954. Its use failed in the case of Cuba in 1961. The general approach in the use of a “covert action” is reportedly to support local political and military/paramilitary forces in gaining or maintaining political control in a nation, so that U.S. or its allies interests will not be threatened. None of these activities has reportedly involved significant numbers of U.S. military forces because by their very nature “covert actions” are efforts to advance an outcome without drawing direct attention to the United States in the process of doing so.⁸ Such previous clandestine operations by U.S. personnel could arguably have constituted efforts at “preemptive” action to forestall unwanted political or military developments in other nations. But given their presumptive limited scale compared to those of major conventional military operations, it seems more appropriate to view U.S. “covert actions” as adjuncts to more extensive U.S. military actions. As such, prior U.S. “covert actions” do not appear to be true case examples of the use of “preemptive” *military* force by the United States.

Cuban missile crisis of 1962. The one significant, well documented, case of note, where “preemptive” military action was seriously contemplated by the United States, but ultimately not used, was the Cuban missile crisis of October 1962. When the United States learned from spy-plane photographs that the Soviet Union was secretly introducing nuclear-capable, intermediate-range ballistic missiles into Cuba, missiles that could threaten a large portion of the Eastern United States, President John F. Kennedy had to determine if the prudent course of action was to use U.S. military air strikes in an effort to destroy the missile sites before they became operational, and before the Soviets or the Cubans became aware that the U.S. knew they were being installed. While the military “preemption” option was considered, after extensive debate among his advisors on the implications of such an action, President Kennedy undertook a measured but firm approach to the crisis that utilized a U.S. military “quarantine” of the island of Cuba to prevent further shipments from the Soviet Union of military supplies and material for the missile sites, while a diplomatic solution was aggressively pursued. This approach was successful, and the crisis was peacefully resolved.⁹

⁸ Section 503(e) of the National Security Act of 1947, as amended, defines covert action as “An activity or activities of the United States Government to influence political, economic or military conditions abroad, where it is intended that the role of the United States Government will not be apparent or acknowledged publicly.”

⁹ For detailed background regarding the issues surrounding the possible use of “preemptive” military force against the Soviet missile sites being established in Cuba, and the deliberative process engaged in by President Kennedy and his key advisors, see the published transcripts of tape recordings made during their White House meetings in *The Kennedy Tapes: Inside the White House during the Cuban Missile Crisis*. Ernest R. May and Philip D. Zelikow (eds.). Cambridge, Massachusetts. Harvard University Press, 1997.

Issue Brief for Congress

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Syria: U.S. Relations and Bilateral Issues

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Syria: U.S. Relations and Bilateral Issues

SUMMARY

U.S.-Syrian relations have warmed somewhat in recent years as a result of the collapse of the Soviet Union, Syria's participation in the allied coalition against Iraq in 1991, and Syrian agreement to participate in Arab-Israeli peace talks. Some Members of Congress remain wary, however, of ties with Syria. Several legislative initiatives have sought to make any relaxation of aid and trade restrictions conditional on further changes in Syrian policies.

Syria, governed by President Hafiz al-Asad from 1970 until his death in June 2000, is a prominent player in the Middle East scene. Within the region, a number of border disputes, problems of resource allocation, and political rivalries have caused frequent tensions between Syria and its neighbors. In particular, the Syrian Golan Heights territory, which Israel occupied in 1967, has been one of the most intractable issues in the Arab-Israeli dispute.

Syria participated in U.S.-sponsored bilateral peace talks with Israel between 1991 and 1996, when talks were suspended. A few months after the election of Israeli Labor Party leader Ehud Barak as Prime Minister of Israel, Syrian-Israeli talks resumed briefly under U.S. auspices in December 1999 and January 2000 but stalled again as the two sides disagreed over the sequence of issues to be discussed. A March 26, 2000 meeting in Geneva, Switzerland, between then Presidents and Asad failed to produce an agreement on restarting the talks. Prospects are uncertain in the aftermath of President Asad's death on June 10, 2000, and further progress will probably have to wait as Asad's successor, his son Dr. Bashar al-Asad, continues to consolidate his position. An array of bilateral issues continue to affect relations between the United States and Syria:

the course of Arab-Israeli talks; questions of arms proliferation; Syrian connections with terrorist activity and previous involvement in narcotics traffic; Syria's human rights record; treatment of the Syrian Jewish community; Syria's role in Lebanon; and a warming trend in Syrian relations with Iraq. A variety of U.S. legislative provisions and executive directives prohibit direct aid to Syria and restrict bilateral trade relations between the two countries. Syria has reportedly cooperated with the United States in investigating Osama bin Laden's Al Qaeda organization in the aftermath of the September 11 attacks but has been unwilling to sever connections with some other terrorist organizations.

On April 18, 2002, similar bills were introduced in the House (H.R. 4483) and Senate (S. 2215), that would impose further U.S. sanctions against Syria unless it halts support for international terrorism and takes other specified actions. On June 24, President Bush said "Syria must choose the right side in the war against terror by closing terrorist camps and expelling terrorist organizations" (such as the Lebanese Shi'ite Muslim organization Hizballah and two Palestinian Muslim fundamentalist groups).

An issue for U.S. policy makers is the degree to which the Administration should go in seeking to enlist Syrian support for U.S. endeavors in the Middle East. Many U.S. observers believe removal of legislative sanctions should be contingent on evidence of improvements in Syria's human rights record, a clear renunciation of terrorism, and reversal of other policies injurious to U.S. interests. Others favor quiet diplomacy aimed at encouraging Syria to play a constructive and responsible role in the Middle East.

MOST RECENT DEVELOPMENTS

On April 18, 2002, similar bills were introduced in the House (H.R. 4483) and Senate (S. 2215), that would impose further U.S. sanctions against Syria unless it halts support for international terrorism, ends its occupation of Lebanese territory, stops development of mass destruction weapons, and ceases illegal imports of Iraqi oil. In press interviews on September 3 and 4, a State Department official told reporters that the Bush Administration disapproves of the proposed legislation. Consultations between Administration officials and Congress on this measure were reportedly underway in mid-September.

In a speech on June 24, 2002, President Bush said that "Syria must choose the right side in the war against terror by closing terrorist camps and expelling terrorist organizations." On July 31, a leading U.S. defense expert told a congressional committee that "deliveries of military equipment to Iraq through Syria have become significant since mid-2001," including such items as spare parts and support items for Soviet-manufactured combat aircraft, armor, and air defense weapons.

BACKGROUND AND ANALYSIS

U.S.-Syrian relations, frequently strained by longstanding disagreements over regional and international policy, have warmed somewhat as a result of several developments: the collapse of the Soviet Union, Syria's participation in the allied coalition against Iraq in 1990-91, and Syrian agreement to participate in Arab-Israeli peace talks. This thaw in bilateral relations led some Members of Congress to inquire whether U.S. Administrations had made any private commitments to Syria, such as an undertaking to relax economic sanctions, in return for Syrian support on regional issues. Several legislative proposals have sought to condition relaxation of aid and trade restrictions on further changes in Syrian policy. Recent U.S. Administrations, though not inclined to lift sanctions on Syria at this time, tend to believe it is in U.S. interests to encourage Syria to play a positive role in the Arab-Israeli peace process. The issue for U.S. policy makers is the degree to which the United States should work for better relations with Syria in an effort to enlist Syrian cooperation on regional issues.

Syrian Politics and External Relations

The death of Syrian President Hafiz al-Asad on June 10, 2000 removed one of the longest serving heads of state in the Middle East and a key figure in the affairs of the region. The late President Asad, a former air force commander and minister of defense who came to power in a bloodless coup in November 1970, was elected to his fifth 7-year presidential term on February 10, 1999. Hardworking, ascetic, and usually cautious, the late President exercised uncontested authority through his personal prestige and his control of the ruling Arab Socialist Resurrection (Ba'th) Party, the armed forces, and the intelligence apparatus, which form the triple pillars of the regime. Asad also had strong support among members of his Alawite religious sect (a small Islamic sect), which comprises approximately 12% of

the population but is disproportionately represented in the country's political and military institutions. Through alliances with key leaders in the region, particularly those of Iran, Egypt, and Saudi Arabia, and his de facto control of Lebanon, Asad made Syria a leading force in the region. During the last decade of Asad's leadership, Syria held sporadic peace talks with Israel but has not yet accepted the terms Israel was willing to offer (see below).

The late President's son and successor, Dr. Bashar al-Asad, held no official position in the government or Ba'th party at the time of the elder Asad's death. Most observers believe the late President had been grooming the 35-year old Bashar for eventual succession but had planned on a longer period of apprenticeship. A western educated ophthalmologist who held the rank of colonel in the Syrian army, Dr. Bashar al-Asad headed the Syrian Computer Society and was instrumental in bringing the internet to Syria, although access is still drastically curtailed in Syria's tightly controlled society; he also spearheaded an anti-corruption campaign. The new president initially permitted somewhat freer discussion of political issues; however, probably under conservative pressure, the government has curtailed the activities of several discussion groups that emerged after Bashar became president, and President Bashar himself warned reformists against attacking the interests of the Ba'th Party or the legacy of the late President Hafiz al-Asad (see below).

Syria in Brief

Population (2001): 16,728,808 (Growth: 2.54%)
Area: 185,180 sq km (71,498 sq mi, slightly larger than North Dakota)
Ethnic Groups: Arabs 90.3%; Kurds, Armenians, others 9.7%
Religious Sects: Sunni Muslim 74%; Alawite, Druze, Ismaili 16%; Christian 10%; Jewish (less than 0.01%)
Literacy (1997): 71% (M-86%, F-56%)
GDP (2000): \$19.3 billion
External Debt (2000): \$22 billion, including up to \$12 billion to Russia (inherited from Syria's debt to the former Soviet Union)
Inflation (2000): 1.5%
Unemployment (2000): 9% (Some estimates are as high as 20%)
Armed Forces (2001): personnel, 321,000; tanks, 4,700 (including ca. 1,200 in storage); combat aircraft, 589

Economy and Foreign Affairs. For much of its existence, Syria has faced economic difficulties and problems in its foreign relations. The economy, long based on agriculture and commerce, is dominated by an inefficient public sector, excessive central planning, and administrative controls, despite some limited efforts toward economic reform since 1991. Revenue has increased with the advent of oil production (approximately 500,000 barrels per day of which about 300,000 is consumed domestically); however, at present production rates, Syria's oil reserves will be exhausted in 10-12 years. Moreover, diminished foreign aid, fluctuating oil prices, drought, and a regional recession have contributed toward continuing economic stagnation.

Several economic reforms have been undertaken in Syria since early 2000. In April and May 2000, the late President Hafiz al-Asad approved laws to permit foreign ownership of land used for business enterprises, relax restrictions on acquiring foreign currencies, and ease corporate taxation. In his inaugural address on July 17, President Bashar al-Asad called for "steady, yet gradual, steps toward introducing economic changes" and specifically mentioned "removing bureaucratic obstacles to the flow of domestic and foreign investments." President Bashar has supported further measures, including abolition of multiple currency

exchange rates, expansion of free trade zones, and tentative approval of draft laws to establish a stock market and permit private banks as long as they are at least 51% Syrian owned. On March 18, 2001, the Syrian parliament passed a banking secrecy law designed to pave the way for establishment of private banks. Appointment of a new cabinet on December 23, 2001, with new ministers in the economic portfolios is being interpreted by some analysts as an indication that the Syrian President will try to carry out further economic reforms.

Syria's relations with its neighbors have been marred in the past by border problems (with Turkey and Israel), disputes over water sharing (with Turkey and Iraq), and political differences (sometimes with Jordan and—until recently—with Iraq, which is governed by a rival wing of the Ba'th Party); Iraq, in particular, resented Syrian support for Iran during the Iraq-Iran war of 1980-1988 and Syrian support for the allied coalition that expelled Iraq from Kuwait in 1991. Syrian relations with all three neighbors have improved, however, since the late 1990s. Most recently, tensions with Turkey began to diminish in late 1998 after Syria agreed to expel leaders of a dissident Turkish group, the Kurdistan Labor Party (PKK), which has carried on an insurgency against the Turkish government since 1984. Syrian-Turkish trade increased from almost nil in 1998 to \$724 million in 2000 and is projected at \$1 billion in 2001. On June 19, 2002, Syria and Turkey signed a military cooperation agreement, described in press reports as dealing mainly with joint training.

On October 8, 2001, the United Nations General Assembly elected Syria to a non-permanent seat on the U.N. Security Council. U.S. officials had earlier expressed concern about Syria's candidacy as long as it was not in full compliance with U.N. resolutions on Iraq (see below). In keeping with long-standing policy, the United States did not disclose its vote. After the U.N. election, a State Department spokesman said the United States expects Syria to meet its obligations to respect human rights and fulfill all Security Council resolutions.

Syrian-U.S. Bilateral Issues

Arab-Israeli Peace Negotiations

Syrian-Israeli negotiations remain deadlocked over Syria's demand that Israel withdraw unconditionally from the Golan Heights, a 450-square mile portion of southwestern Syria that Israel occupied during the 1967 Arab-Israeli war. The late President Asad said he accepted the principle of "full withdrawal for full peace" and would establish peaceful, normal relations with Israel in return for Israeli's withdrawal from Golan (and from southern Lebanon as well). Israeli governments have differed over the question of withdrawal, but all have demanded a prior Syrian commitment to establish full diplomatic relations and agree to security arrangements before any withdrawal takes place.

Furthermore, Syria and Israel disagree over what would constitute full withdrawal, because of slightly differing boundary lines defined in the past. Israel regards the boundary as the international border established in 1923 between what was then the British-controlled territory of Palestine and the French-controlled territory of Syria, while Syria believes it should be the line where Syrian and Israeli forces were deployed on the eve of the June 1967

war. The latter boundary line, among other things, would give Syria access to the northeastern shore of the Sea of Galilee (also known as Lake Kinneret or Lake Tiberias).

After a hiatus of almost 4 years, teams headed by then Israeli Prime Minister Ehud Barak and Syrian Foreign Minister Faruq al-Shar'a held two rounds of talks in Washington and West Virginia in December 1999 and January 2000, respectively, at the invitation of then President Clinton. Further talks, however, failed to materialize as the parties disagreed over the sequence of discussions. Syria wanted to address border issues before dealing with other topics, while Israel wanted to concentrate first on security, water, and future bilateral relations. A meeting in Geneva between then Presidents Clinton and Hafiz al-Asad in March 2000 produced no agreement; Israeli territorial proposals conveyed by Clinton were unacceptable to Asad, who insisted on full Israeli withdrawal to the June 1967 border. In his inaugural address in July 2000, President Bashar al-Asad stated that "we are in a hurry for peace, because it is our option," but added that "we are not prepared to concede territory." Other Syrian officials have reiterated this position.

President Bush, welcoming the new Syrian Ambassador on March 13, commented that "Syria and the United States share a commitment to achieving a comprehensive, just, and lasting peace in the Middle East, based on United Nations Security Council Resolutions 342 and 338, and the land-for-peace principles of the landmark Madrid Conference [of October 1991]. The Syrian Ambassador responded that "(w)e confirm our commitment to the peace process to achieve a comprehensive, just, and lasting peace that is based on United Nations relevant resolutions, the Madrid terms of reference, and the land for peace principle..."

Syrian spokesmen, however, have increasingly criticized Israeli policies since the outbreak of Israeli-Palestinian clashes in late September 2000 and the election of the hard-line Israeli Prime Minister Ariel Sharon in February 2001. At an Arab summit conference on March 28, 2001, the Syrian President described Israelis who voted for Prime Minister Sharon as "more racist than the Nazis." On May 5, when welcoming Pope John Paul II to Damascus, Asad condemned Israel for what he described as violations of the sanctity of Muslim and Christian holy places in Jerusalem and Bethlehem. Without mentioning Israel or the Jewish people by name, Asad went on to condemn those who "try to kill all the principles of divine faiths with the same mentality of betraying Jesus Christ ... in the same way that they tried to commit treachery against the Prophet Muhammad." (Asad made no public comments after a subsequent meeting with the Pope in Rome on February 21, 2002.) On January 19, 2002, Syria's representative to the United Nations described the demolition of Palestinian homes in the Israeli-occupied Gaza territory by Israeli military units as "not much different from the scene of the World Trade Center." Each of these comments drew rebukes from the U.S. State Department, and Secretary of State Colin Powell described Syrian remarks comparing the Gaza house demolitions with the September 11 terrorist attacks as "hysterical."

At an Arab summit conference on March 27-28, 2002, Syria joined other Arab states in endorsing a peace initiative by Saudi Arabia's Crown Prince Abdullah involving full Israeli withdrawal from Arab territories occupied since 1967 in return for normal relations with Israel in the context of a comprehensive peace. In elaborating on Syria's position, President Bashar al-Asad described the initiative as a "first step" and said "what is required is a mechanism" to implement the plan. He also demanded that Israel commit itself publicly to returning occupied Arab lands and maintained that "for us, terrorism comes from Israel."

Meanwhile, Syria abstained on U.N. Security Council Resolution 1397 (March 12, 2002) and boycotted the vote on a follow-on resolution (Resolution 1402, March 30), both calling for cessation of violence in Israel and the Palestinian territories. Syria objected to the resolutions on grounds that they did not meet Arab concerns and did not condemn Israeli attacks on Palestinians. An unnamed Syrian official described President Bush's June 24 speech on the Israeli-Palestinian conflict as "written from a completely Israeli perspective" and said it would not solve the problems it sought to address..

Syrian and Israeli Roles in Lebanon

Syrian Army units moved into large parts of northeastern and central Lebanon shortly after civil strife began in that country in 1975. Syrian forces have remained there since 1976, ostensibly under an Arab League peace-keeping mandate; most sources estimate current Syrian military strength in Lebanon at 30,000-35,000. Meanwhile, Israel occupied a portion of Lebanon between 1982 and 1985 in an operation designed to root out armed Palestinian guerrillas from southern Lebanon. From 1985 until May 2000, Israel maintained a 9-mile wide security zone in southern Lebanon, enforced by Israeli military patrols and an Israeli-funded Lebanese militia called the Army of South Lebanon (ASL). At an Arab League sponsored meeting at Taif, Saudi Arabia in October 1989, the Lebanese Parliament agreed on a revised formula for power sharing within the Lebanese government; it also adopted a plan for reestablishment of central authority and phased Syrian redeployment to the eastern Biqa' (Bekaa) Valley within two years of the agreement's implementation, after which Lebanon and Syria would agree on the ultimate status of Syrian forces in eastern Lebanon.

U.S. Administrations and Members of Congress have expressed the view that Syrian forces should have redeployed in accordance with the Taif Agreement by 1992, and have also criticized Syrian toleration of the presence of the pro-Iranian Hizballah militia in southern Lebanon. Syrian officials and pro-Syrian Lebanese have countered that not all conditions of the Taif Agreement have been met so far, and that the Lebanese armed forces are not yet capable of maintaining internal security. Prior to May 2000, Syrian and Lebanese leader also argued that Syrian forces should remain in Lebanon as long as Israel maintained its security zone in southern Lebanon, and that Hizballah activity constituted legitimate resistance activity in southern Lebanon as long as Israeli forces were present.

On May 24, 2000, Israel unilaterally withdrew its forces from the security zone in southern Lebanon. Barak had hoped to do this in the context of an agreement with Syria that would guarantee the security of northern Israel. On June 7, then Secretary of State Albright noted that Israel had fulfilled its obligations by withdrawing from Lebanon and said "I think that the Syrians should do so also." Lebanon and Syria claim that a complete Israeli withdrawal should have included a small enclave at the eastern end of the Israeli security zone called "the Shib'a (Chebaa) Farms," which they assert is part of Lebanon but Israel considers part of the Golan Heights. (For further information, see CRS Report RL31078, *The Shib'a Farms Dispute and its Implications*, August 7, 2001, by Alfred B. Prados.) The Shib'a Farms enclave remains a source of tension, as Israeli forces periodically target Hizballah, as well as Syrian, positions in retaliation for Hizballah raids on Israeli forces in the Shib'a Farms area. (For further information on the Syrian role in Lebanon, see CRS Issue Brief IB89118, *Lebanon*, by Clyde R. Mark.)

In June 2001, Syria redeployed approximately 6,000 troops that had been stationed in Beirut and its environs, leaving only a few Syrian outposts in the greater Beirut area. It is not clear whether these redeployments resulted in a reduction in overall Syrian strength in Lebanon. According to press reports, some of the redeployed Syrian troops joined other Syrian units in more distant parts of Lebanon, while others returned to Syria. Observers variously described the Syrian move as an effort to mollify Lebanese opponents of the Syrian troop presence, to avoid a potential confrontation with Israel, or to protect the Syrian regime in Damascus against some internal threat. In April 2002, a further redeployment apparently began, as additional Syrian troops reportedly moved from the central mountains of Lebanon to the eastern Bika' Valley or back to Syria. On April 3, Lebanese Army radio announced that "[a]n agreement has been reached on practical steps to redeploy units of the brother Syrian Army to complete the Taif accord." Some observers thought the redeployments were designed to avoid Israeli retaliation against Syrian forces following increased friction between Hizballah and Israeli forces in the Shib'a Farms area and northern Israel since March. Lebanese Prime Minister Rafiq Hariri, however, denied that the redeployments were related to regional tensions and echoed the Lebanese Army statement.

Relations with Iraq

Since 1997, Syria's relations with its former adversary Iraq have improved markedly. The two countries have exchanged diplomatic missions, though not at the ambassadorial level, and trade relations have expanded. In August 2001, Syrian Prime Minister Muhammad Mustafa Mero visited Iraq in an effort to strengthen diplomatic ties and implement trade agreements. According to news reports, bilateral trade increased from \$500 million in 2000 to \$1 billion in 2001. In recent years, Syria has expressed opposition to the use of military force against Iraq and called for lifting economic sanctions, while publicly urging Iraq to comply with pertinent U.N. Security Council resolutions. In an interview published on June 18, 2002, President Bashar al-Asad warned that any military attack on Iraq would be a mistake and said "[n]o country in the world has the right to change the system [of government] in another country." An official Syrian newspaper criticized President Bush's speech to the United Nations on September 12 as being focused on only one issue (Iraq) while ignoring "the fundamental issue in our region," which it described as Israel's occupation of Arab territories.

Oil from Iraq. Since November 2000, there have been reports that Iraq has been shipping between 120,000 and 200,000 barrels of oil per day through a recently reopened 550-mile pipeline through Syria. Analysts believe Syria is buying Iraqi oil at a discount of \$2 or \$3 per barrel and selling its own oil at international market prices. According to a *Los Angeles Times* article of January 29, 2002, Syria may be earning \$50 million or more per month from these oil transactions. Syrian and Iraqi officials have maintained that the pipeline is only being tested for future use. Previously, after a visit to Damascus on February 27, 2001, U.S. Secretary of State Colin Powell told reporters that President Bashar al-Asad had agreed to handle any oil shipments from Iraq through Syria in accordance with the U.N.-approved oil-for-food program for Iraq. There is no evidence yet that Syria has complied with this commitment; however, no international agreement has been reached to place these shipments and similar illicit Iraqi oil shipments to other countries under U.N. control. Some commentators have opined that the United States is turning a blind eye to the oil shipments through Syria in exchange for Syria's cooperation in providing information on the terrorist Al Qaeda organization to U.S. intelligence (see below).

In a statement on February 1, 2002, Syria's delegate to the sanctions committee denied British accusations that Syria is illicitly importing Iraqi oil and claimed that Syria is building a new pipeline that it hopes will be put under U.N. control. On February 14, 2002, the *Washington Post* quoted Syrian Ambassador to the United States Rostom Zoubi as saying that Syria received some Iraqi oil in the process of checking the pipeline but did not pay for it; Zoubi reportedly said Syria would apply to the U.N. Security Council to handle future shipments through this pipeline (as well as shipments through a second more economical pipeline they hope to build) under the U.N.-approved oil-for-food program for Iraq. On June 4, Syria's U.N. ambassador denied that Syria is violating U.N. resolutions by purchasing Iraqi oil and allowing civil air flights between Syria and Iraq and went on to say that "wherever it is necessary, we are asking permission for everything."

Military Equipment to Iraq. During 2002 there have been increasing reports that Syria has become a conduit for shipments of military equipment from eastern European countries to Iraq. Alleged suppliers include Ukraine, Belarus, the Czech Republic, Hungary, Bulgaria, and Serbia. In late April 2002, three recent Iraqi military defectors told a British newspaper (*The Guardian*, April 29, 2002) that the first of three arms consignments bound for Iraq had arrived in the Syrian port of Latakia on February 23. The defectors said the shipment came from the Czech Republic and contained anti-aircraft missiles, rockets, and guidance systems for SCUD surface-to-surface missiles. According to an article by one of Israel's foremost military journalists in the Israeli newspaper *Haaritz* on July 15, 2002, Syria is facilitating the transshipment to Iraq of Russian-made jet engines and refurbished tank engines, Czech anti-aircraft guns, radar, and engines bought from the Ukraine for Russian-manufactured MiG-29 fighter aircraft and other equipment from Hungary and Serbia. A leading U.S. defense expert told a congressional committee on July 31 that deliveries of military equipment to Iraq through Syria have "become significant since mid-2001," mainly consisting of spare parts and weapons assemblies for MiG and Sukhoy combat aircraft, for armored equipment, and for ground-based air defense weapons. He commented that so far these shipments have probably had "only a limited impact on the overall readiness of Iraqi forces."

Both the Czech and Hungarian governments denied that they had exported military equipment to Syria in recent years, although the Czech spokeswoman did not rule out the possibility of smuggling. In an interview quoted by Associated Press on July 16, Syrian Ambassador to Washington Mikhail Wehbe accused Israel of fabricating the *Haaritz* story in an effort to damage U.S.-Syrian relations.

Arms Proliferation

On June 25, 1998, the Clinton Administration reportedly said Syria has an active chemical weapons program and has armed missiles, combat aircraft, and artillery projectiles with the nerve gas sarin. Also, in February 1998, a Syrian-Russian joint commission reportedly discussed bilateral cooperation in economic and military fields, including "the use of nuclear energy for development purposes." In May 1999, the two countries reportedly signed a 10-year agreement for cooperation in the peaceful use of nuclear power. An Israeli press article on September 15, 1999, averred that Syria is developing a longer-range SCUD type surface to surface missile, and a year later Israeli Prime Minister Ehud Barak expressed concern over reports that Syria had successfully tested a longer-range SCUD-D missile, which Barak said would put all of Israel within range of Syrian missiles. On July 2, 2001,

the Syrian Minister of Defense denied an Israeli report that Syria had fired a SCUD missile toward the Israeli border.

In a speech to the Heritage Foundation on May 6, 2002, Undersecretary of State for Arms Control and International Security John R. Bolton grouped Syria with Libya and Cuba as rogue states that support international terrorism (see below) and are pursuing the development of mass destruction weapons. He said that Syria has a stockpile of nerve agent sarin and is trying to conducting research and development on the more toxic nerve agent VX; that Syria has produced small amounts of biological warfare agents; and that Syria is pursuing further development of its surface-to-surface missiles. He concluded that “[k]eeping WMD out of terrorist hands must be a core element of our nonproliferation strategy.” A leading member of the Syrian parliament accused the United States of a double standard by tolerating Israeli programs to develop mass destruction weapons but warning various Arab states against such programs.

Russian officials have talked of reviving former Syrian-Soviet military links and helping Syria modernize its inventory of older Soviet equipment, much of which is now obsolescent. On April 2, 1999, the Clinton Administration imposed sanctions on three Russian firms—Tula Design Bureau, Volsky Mechanical Plant, and Central Research Institute for Machine Tool Engineering—for supplying antitank weapons to Syria. The Administration also determined that the Russian government was involved in the transfer but waived sanctions against the Russian government on grounds of national interest. News agencies have reported that Syria is seeking a \$2 billion arms package including fighter jets (SU-17s or MiG-29s), T-80 tanks, and antitank and antiaircraft weapons from Russia; reports continue to mention the SA-10 (S-300) air defense system. Current status of the package is uncertain. A defense journal in November 2001 mentioned reports that Syria is receiving up to 16 advanced SU-27 fighters from Russia.

U.S. officials are concerned that Syrian acquisition of additional weapons including improved missiles will cause further regional tensions, increase potential threats to Israel, and undermine arms control efforts. Syria resents what it regards as U.S. interference in its attempts to resupply its armed forces.

Terrorist Activity

Allegations of Syrian involvement with terrorist groups have been a longstanding point of contention between Washington and Damascus. Some observers believe Syria was involved in the 1983 bombing of the U.S. Marine barracks by Shi’ite Muslim militants in Lebanon, although others have blamed Iran, which had closer ties with the group responsible for this atrocity. Syrian intelligence was implicated in an abortive attempt to place a bomb on an El Al airliner in London in 1986, after which the United States withdrew its ambassador to Syria for a year. Initial reports indicated that the destruction of the Pan American Flight 103 over Lockerbie, Scotland in December 1988 was the work of a Palestinian group headquartered in Damascus and responsive to Syria; however, subsequent international police investigations led the international community to charge Libya with responsibility. Syria agreed to expel PKK leaders in late 1998 at Turkey’s insistence (see above), and the State Department believes Syria has “generally upheld its agreement with Ankara not to support the Kurdish PKK.”

Since 1979, Syria has appeared regularly on a list of countries which the State Department identifies as supportive of international terrorism (see below). According to the State Department's April 2001 report on terrorism, Syria continued to provide safehaven and support to several Palestinian terrorist groups maintaining camps or facilities in Damascus or in Lebanon's eastern Biqa' (Bekaa) Valley. Moreover, Syria has continued to facilitate resupply of the Lebanese Shi'ite Muslim militia Hizballah, which has conducted raids against Israeli forces in southern Lebanon and sometimes against northern Israel (see above). The State Department adds that Syria appears to have maintained its long-standing ban on attacks launched from Syrian territory or against Western targets. Syria, on its part, maintains that it is prepared to expel militant Palestinian and other groups if provided with direct evidence of their involvement in terrorist activity. On the other hand, Syria acknowledges its support for Palestinians pursuing armed struggle in Israeli occupied territories and for Shi'ite Muslim militias resisting the former Israeli military presence in southern Lebanon; Syria claims that such operations constitute legitimate resistance activity, as distinguished from terrorism.

Reaction to Terrorist Attacks on the United States. On September 11, 2001, Syria's official radio reported that President Bashar al-Asad had sent a cable to President Bush "in which he condemned the terrorist attacks that targeted innocent civilians and vital centers in the United States." According to the broadcast, President Asad offered condolences and called for "international cooperation to eradicate all forms of terrorism and guarantee the protection of basic human rights, notably the right of humans to live in security and peace wherever they are." The Syrian government regards most Islamic fundamentalist organizations as destabilizing, and in the early 1980s Syria harshly suppressed local Muslim fundamentalists who had carried out terrorist acts against Syrian government officials. Since the September 11 attacks, a number of reports indicate that Syria has cooperated with the United States in investigating Osama bin Laden's Al Qaeda organization and persons associated with it. In June 2002, press articles reported that Syria has provided the United States with information gained from the interrogation of a key figure in the September 11 planning, Muhammad Hayder Zammar, who was extradited from Morocco to Syria, where he faced pending charges. In mid-June, President Bashar al-Asad told reporters that Syria had provided information to the United States in recent months on a planned Al Qaeda operation that would have killed U.S. soldiers had it succeeded. On June 18, U.S. Assistant Secretary of State William Burns told a congressional panel that "the cooperation the Syrians have provided in their own self-interest on Al Qaeda has saved American lives."

On the other hand, Syria remains unwilling to sever its ties with Hizballah and with militant Palestinian organizations such as Hamas and Palestine Islamic Jihad (PIJ) that have carried out suicide bombings in Israel and the West Bank. In a speech on April 4, 2002, President Bush noted that "Syria has spoken out against Al Qaeda. We expect it to act against Hamas and Hizballah, as well." In his speech on June 24, President Bush said nations committed to peace must halt the flow of money, equipment, and recruits to terrorist groups seeking the destruction of Israel, including Hamas, Islamic Jihad, and Hizballah. President Bush added that "Syria must choose the right side in the war on terror by closing terrorist camps and expelling terrorist organizations." In a subsequent interview published on July 1, President Bashar al-Asad said Syria supports "the Lebanese national resistance, including Hizballah ... politically and in the media because the brothers in the Lebanese resistance do not need military support from Syria." Regarding Palestinian groups, Asad said "their work is limited to political and media activities" and "their offices in Damascus provide political representation to the 400,000 Palestinians living in Syria ..."

Narcotics Traffic

For some years, the United States classified Syria as a transit country for the drug trade and a suspected site for refining small amounts of narcotics. On November 10, 1997, however, then President Clinton informed Congress of his decision to remove Syria (and Lebanon) from a list of major drug producers or traffickers (see below), citing the effectiveness of joint eradication efforts by these two countries. State Department officials said the decision was taken on its own merits after a standard review process and “it would be an error to read something more into it.” President Clinton warned, however, that the two countries could be reinstated on the list if evidence should so warrant. In a letter to the President on November 14, 1997, 24 Members of Congress questioned the President’s decision and noted that it had not been discussed with Congress. Bills were introduced in both the 105th and 106th Congress to reverse the President’s decision but were not enacted.

Syria’s Human Rights Record and Related Issues

Syria has been under a state of emergency tantamount to martial law since 1963, except for a brief interval in 1973-1974. In its annual 2001 report to Congress on human rights practices (published in April 2002), the State Department commented that the human rights situation remained poor, and the government continues to restrict or deny fundamental rights, although there were improvements in a few areas. It notes that citizens do not have the right to change their government and that there is no organized political opposition. According to the report, serious abuses include the widespread use of torture in detention; poor prison conditions; arbitrary arrest and detention; prolonged detention without trial; fundamentally unfair trials in the security courts; an inefficient judiciary that suffers from corruption and, at times, political influence; infringement on citizens’ privacy rights; denial of freedom of speech and of the press, despite a slight loosening of censorship restrictions; denial of freedom of assembly and association; some limits on freedom of religion; and limits on freedom of movement.”

In November 2000, the government declared a general pardon for non-political prisoners and an amnesty for 600 political prisoners as well; the State Department believes this is the first time the Syrian government has acknowledged holding prisoners for political reasons. The current number of political detainees is unknown; Amnesty International estimated the number at 1,500 in July 2000 (before the November 2000 releases). Another 140 were reportedly released late in 2001. But two Syrian members of parliament were sentenced to 5-year jail terms in 2002 for hosting discussion forums without permission, and at least eight other prominent dissidents had been arrested and sentenced to jail as well as of late August 2002.

Syria supports freedom of religion and women’s rights to a greater degree than do many Middle East governments. Aside from Lebanon, Syria is the only Arab- speaking country whose constitution does not establish Islam as the state religion, although it does require that the President be a Muslim. In accordance with the largely secular philosophy of the ruling Ba’th Party, the country’s Christian community and tiny Jewish minority (see below) have been free to practice their religion without interference; some Christians have held high-level positions in the government and armed forces. Syrian law specifies equal rights for women; government policies stipulate equal pay for similar work; the government discourages

conservative religiously based restrictions on women; and women serve in governmental and diplomatic posts. (Twenty-six women won seats in the most recent parliamentary elections.)

Treatment of Jewish Community. Syria's Jewish community, estimated at 3,770 in early 1992, were targets of discrimination and periodic oppression in the past; however, their situation gradually improved under the regime of the late President Hafiz al-Asad. On April 27, 1992, then President Asad issued an order lifting travel restrictions and real estate controls on the Syrian Jewish community, and the government intermittently began permitting Syrian Jews to travel abroad freely. According to the State Department human rights report published in February 1995, the Syrian government "completed issuance of travel permits to all Jews wishing them." In early 1997, U.S. officials said several hundred Syrian Jews remain in Syria. Press reports in September 2000, recounting a meeting of Syrian Jewish leaders with President Bashar al-Asad, estimated that some 3,500 out of a previous total of 4,000 Syrian Jews had emigrated to the United States or Israel. (This base figure of 4,000 is higher than the more detailed estimate of 3,770 in 1992.)

Some Syrian Jews hesitate to leave their relatively prosperous lives in Syria, especially since the liberal decrees of April 1992, for a more uncertain economic future abroad, and some have remained because of age, health, or reluctance to move. Others want to join relatives and friends who have already departed, and fear a return to earlier repression if a different regime should come to power in Syria.

U.S. Aid and Sanctions

Since 1950, the United States has provided a total of \$627.5 million in aid to Syria: \$34.0 million in development assistance, \$438.0 million in economic support, \$155.4 million in food assistance, and \$61 thousand in military training assistance. Most of this aid was provided during a brief warming trend in bilateral relations between 1974 and 1979. Significant projects funded under U.S. aid included water supply, irrigation, rural roads and electrification, and health and agricultural research. No aid has been provided to Syria since 1981, when the last aid programs were closed out. At present, a variety of legislative provisions and executive directives prohibit U.S. aid to Syria and restrict bilateral trade. Principal examples follow. (For a more comprehensive list of sanctions applicable to Syria, see CRS Report RL30644, *Syria: Sanctions and Aid*, August 20, 2000.)

General Sanctions Applicable to Syria

The International Security Assistance and Arms Export Control Act of 1976 [P.L. 94-329]. Section 303 of this act [90 Stat. 753-754] required termination of foreign assistance to countries that aid or abet international terrorism. This provision was incorporated into the Foreign Assistance Act of 1961 as Section 620A [22 USC 2371]. (Syria was not affected by this ban until 1979, as explained below.)

The Export Administration Act of 1979 [P.L. 96-72]. Section 6(i) of this act [93 Stat. 515] required the Secretary of Commerce and the Secretary of State to notify Congress before licensing export of goods or technology valued at more than \$7 million to countries determined to have supported acts of international terrorism (Amendments adopted in 1985

and 1986 re-lettered Section 6(i) as 6(j) and lowered the threshold for notification from \$7 million to \$1 million.)

A by-product of these two laws was the so-called “terrorism list.” This list is prepared annually by the State Department in accordance with Section 6(j) of the Export Administration Act. The list identifies those countries that repeatedly have provided support for acts of international terrorism. Syria has appeared on this list ever since it was first prepared in 1979; it appears most recently in the State Department’s annual publication *Patterns of Global Terrorism: 1998*, published in April 1999. Syria’s inclusion on this list in 1979 triggered the above-mentioned aid sanctions under P.L. 94-329 and trade restrictions under P.L. 96-72.

Omnibus Diplomatic Security and Antiterrorism Act of 1986 [P.L. 99-399]. Section 509(a) of this act [100 Stat. 853] amended Section 40 of the Arms Export Control Act to prohibit export of items on the munitions list to countries determined to be supportive of international terrorism, thus banning any U.S. military equipment sales to Syria. (This ban was reaffirmed by the Anti-Terrorism and Arms Export Amendments Act of 1989 — see below.) Also, 10 U.S.C. 2249a bans obligation of U.S. Defense Department funds for assistance to countries on the terrorism list.

Omnibus Budget Reconciliation Act of 1986 [P.L. 99-509]. Section 8041(a) of this Act [100 Stat. 1962] amended the Internal Revenue Code of 1954 to deny foreign tax credits on income or war profits from countries identified by the Secretary of State as supporting international terrorism. [26 USC 901].

The Anti-Terrorism and Arms Export Control Amendments Act of 1989 [P.L. 101- 222]. Section 4 amended Section 6(j) of the Export Administration Act to impose a congressional notification and licensing requirement for export of goods or technology, irrespective of dollar value, to countries on the terrorism list, if such exports could contribute to their military capability or enhance their ability to support terrorism.

Section 4 also prescribed conditions for removal of a country from the terrorism list: prior notification by the President to the Speaker of the House of Representatives and the chairmen of two specified committees of the Senate. In conjunction with the requisite notification, the President must certify that the country has met several conditions that clearly indicate it is no longer involved in supporting terrorist activity. (In some cases, certification must be provided 45 days in advance of removal of a country from the terrorist list.)

The Anti-Economic Discrimination Act of 1994 [Part C, P.L. 103-236, the Foreign Relations Authorization Act, FY1994-1995]. Section 564(a) bans the sale or lease of U.S. defense articles and services to any country that questions U.S. firms about their compliance with the Arab boycott of Israel. Section 564(b) contains provisions for a presidential waiver, but no such waiver has been exercised in Syria’s case. Again, this provision is moot in Syria’s case because of other prohibitions already in effect.

The Antiterrorism and Effective Death Penalty Act of 1996 [P.L. 104-132] requires the President to withhold aid to third countries that provide assistance (Section 325) or lethal military equipment (Section 326) to countries on the terrorism list, but allows the President to waive this provisions on grounds of national interest. A similar provision banning aid to

third countries that sell lethal equipment to countries on the terrorism list is contained in Section 549 of the Foreign Operations Appropriation Act for FY2001 (H.R. 5526, passed by reference in H.R. 4811, which was signed by President Clinton as P.L. 106-429 on November 6, 2000).

Also, Section 321 of P.L. 104-132 makes it a criminal offense for U.S. persons (citizens or resident aliens) to engage in financial transactions with governments of countries on the terrorism list, except as provided in regulations issued by the Department of the Treasury in consultation with the Secretary of State. In the case of Syria, the implementing regulation prohibits such transactions “with respect to which the United States person knows or has reasonable cause to believe that the financial transaction poses a risk of furthering terrorist acts in the United States.” (31 CFR 596, published in the Federal Register August 23, 1996, p. 43462.) In the fall of 1996, the Chairman of the House International Relations Committee reportedly protested to then President Clinton over the Treasury Department’s implementing regulation, which he described as a “special loophole” for Syria. Several subsequent measures were introduced in previous Congresses to forbid virtually all financial transactions with Syria but were not enacted.

Section 434 of the Foreign Operations Appropriations Act for FY2001 (H.R. 5526, passed by reference in H.R. 4811, P.L. 106-429, November 6, 2000) bars arms sales to any country not in compliance with U.N. Security Council sanctions against Iraq. This ban would be applicable to Syria if Iraq exports oil to Syria without U.N. permission. In practice, the issue would be moot because of similar sanctions already in effect against Syria.

Specific Sanctions against Syria

In addition to the general sanctions listed above, specific provisions in foreign assistance appropriations enacted since 1981 have barred Syria by name from receiving U.S. aid. The most recent ban appears in the Foreign Operations Appropriations Act, FY2002 (P.L. 107-115, January 10, 2002). Section 507 bars the obligation or expenditure of funds appropriated under this act for any direct assistance or reparations to seven specified countries, including Syria. Section 523 also prohibits indirect assistance or reparations to seven specified countries including Syria; however, it provides for a presidential waiver, which has been exercised routinely on grounds that withholding funds to multilateral development banks and other international organizations and programs under this limitation would be contrary to the national interest. Section 527 bans bilateral aid to countries identified as supporting international terrorism. Section 307 of the Foreign Assistance Act of 1961, amended by Section 431 of the Foreign Relations Authorization Act for FY1994-1995 (P.L. 103-236, April 30, 1994), requires the United States to withhold a proportionate share of contributions to international organizations for programs that benefit eight specified countries or entities, including Syria. Section 512 of H.R. 5526 (P.L. 106-429), sometimes known as the Brooke Amendment after an earlier version of this provision, bans assistance to any country in default of to the United States for over a year. As of December 31, 1998 (latest figures available), Syria owed the United States \$238 million, mainly in loans under the Commodity Credit Corporation or from the U.S. Agency for International Development (USAID) remaining from the period when Syria received U.S. assistance.

Drawing on appropriate legislation, U.S. Administrations have imposed detailed trade restrictions on exports to Syria. Under Section 6(j) of the Export Administration Act of 1979, trade controls were instituted after Syria was designated as a country supporting international terrorism in 1979, and further controls were imposed after Syrian intelligence was implicated in an abortive airline bombing in 1986. At present, the Department of Commerce list 31 categories of exports requiring a validated license for shipment to Syria; these include aircraft, vessels, most vehicles, parts, machine tools, computer equipment, and other high technology goods. (Routine exports like foodstuffs are exempt from these controls.) Moreover, the Commerce Department generally denies export licenses for dual use equipment or to military end-users in Syria. According to news reports, Syria and other countries on the terrorism list were not covered by the Clinton Administration's decision on September 16, 1999, to remove export controls on encryption hardware and software. In 2000, Syria ranked 99th among U.S. trading partners, with \$149.6 million in U.S. imports from Syria (mainly mineral oils and fuels, antiques, apparel, spices) and \$219.0 million in U.S. exports to Syria (mainly cereals, machinery, appliances and parts, tobacco). These figures represent a moderate increase over 1999 levels (\$95.0 million in U.S. imports from Syria and \$172.7 million in U.S. exports to Syria).

Recent Congressional Action

On April 18, 2002, similar bills were introduced in the House (H.R. 4483) and the Senate (S. 2215)—both entitled The Syria Accountability Act of 2002—that would impose additional U.S. sanctions against Syria unless it halts support for international terrorism, ends its occupation of Lebanese territory, stops the development of mass destruction weapons, and ceases illegal imports of Iraqi oil. Sanctions would include a ban on any dual use item; a ban on financial assistance including loans and credit to U.S. businesses dealing with Syria; and prohibition of programs of the Overseas Private Investment Corporation in or with respect to Syria. In addition, under the House bill, the President would be required to impose two or more of a menu of six other sanctions, including a ban on all exports to Syria except food and medicine, a ban on U.S. businesses operating or investing in Syria, a ban on landing in or overflight of the United States by Syrian aircraft, reduction of diplomatic contacts with Syria, restrictions on travel by Syrian diplomats in the United States, and blocking of transactions in Syrian property. The menu in the Senate bill is similar but does not include the ban on landing and overflights by Syrian aircraft. In press interviews on September 3 and 4, a U.S. State Department official said the Bush Administration disapproves of the proposed legislation; the official was quoted as saying it would restrict the President's maneuverability in dealing with Middle East affairs. A hearing on H.R. 4483 scheduled for September 12 was postponed; consultations between Congress and Administration officials on this measure were reportedly underway in mid-September.

On May 14, President Bush signed H.R. 3525, the Enhanced Border Security and Visa Entry Reform Act of 2002 (P.L. 107-173), which bans non-immigrant visas to any alien from any country that sponsors international terrorism unless the Secretary of State and other senior U.S. officials certify that such alien does not pose a threat to U.S. national security.

Alternatives and Implications

Debate has continued within U.S. Administrations and Congress over the lengths to which the United States should go in seeking to enlist Syrian support for U.S. endeavors in the Middle East. According to one theory, normal bilateral relations should be contingent upon improvements in Syria's human rights record, a clear renunciation of terrorism and narcotics trafficking, and reversal of other policies deemed inimical to U.S. interests. Advocates of this view are particularly concerned over any possibility that the Administration has made promises to ease sanctions (for example, removing Syria from the terrorism list) to obtain Syrian cooperation in regional affairs. They tend to discourage bilateral contacts such as visits by Syrian officials, which they see as a potential vehicle for trapping a U.S. Administration into premature concessions. They favor continued legislation to ensure that relaxation of sanctions can occur only with congressional approval.

Those who support this first approach see little prospect for a long-term relationship with the Syrian regime, which they consider basically antithetical to U.S. interests and values. They see Syria's alignment with the coalition and agreement to attend peace talks as tactical moves that offered Syria an end to regional isolation, a free hand in Lebanon, and access to financial support from the Gulf states. They point to Syria's lack of flexibility on Arab-Israeli issues, periodic bellicose pronouncements from Damascus, unwillingness to consider Israeli compromise proposals on border definition, friendship with Iran (and warmer relations with Iraq), and ongoing rearmament efforts as indications that Syria will remain a threat to regional stability. They warn that efforts to bring about a closer relationship with Syria's leaders risk repeating the earlier disastrous policy of courting Saddam Hussein.

According to a second theory, quiet diplomacy aimed at encouraging Syria to play a constructive and responsible role in regional affairs could yield benefits. Proponents of this approach do not advocate the immediate termination of sanctions (such as removing Syria from the terrorism list) without further action on Syria's part; however, they support wider contacts between diplomatic and security officials of the two countries to discuss sensitive issues, seek common ground, and identify possible areas of cooperation. They favor a series of small, reciprocal steps that could lead to a warmer relationship over time. Rather than legislative sanctions, they generally prefer an arrangement under which the Administration has the flexibility to apply or ease sanctions in accordance with the current state of bilateral relations.

Those who favor the second approach believe that a better relationship with Syria could enhance prospects for achieving U.S. objectives. They point to limited U.S.-Syrian cooperation in some areas such as Syrian assistance in providing information on Al Qaeda. More important, they see Syrian support as an essential ingredient in the search for an Arab-Israeli settlement; previous peace efforts, like the Camp David Accords of 1978 and the Reagan plan of 1982, have shown that a lasting solution is unlikely without Syrian involvement. Advocates of this approach point out that the late President Asad, though a difficult negotiator, proved generally reliable in honoring agreements once he has accepted them. (For example, Syria has routinely observed the terms of the 1974 disengagement agreement in the Golan region.) They believe the future course of U.S.-Syrian relations will affect significantly the outlook for regional security and lasting peace in the Middle East.

Issue Brief for Congress

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Iran: Current Developments and U.S. Policy

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Iran: Current Developments and U.S. Policy

SUMMARY

Even before Iran's tacit cooperation with post-September 11 U.S. efforts to defeat Afghanistan's Taliban regime, signs of moderation in Iran had stimulated the United States to try to engage Iran in official talks. Iran, still split between conservatives and reformers loyal to President Mohammad Khatemi did not accept. Recent reports of Iranian meddling in post-Taliban Afghanistan and Iran's intercepted January 2002 shipment of arms allegedly to the Palestinian Authority have reversed the warming trend. Iran was grouped with North Korea and Iraq as part of the "axis of evil" identified in President Bush's January 29, 2002 State of the Union message. The United States said subsequently it supports reform-minded Iranians who want democracy, an apparent shift from the stance of attempting to engage Khatemi's government.

President Bush has identified Iran's efforts to acquire weapons of mass destruction and delivery means, coupled with its support of terrorist groups, as key U.S. concerns. Iran's ballistic missile program has made major strides over the past few years, with the help of several foreign suppliers, and the strides in its civilian nuclear power program could further a nuclear weapons effort.

Iran has opposed the U.S.-led Middle East peace process since its inception in October 1991. It continues to provide material support to Hizballah in Lebanon and to Palestinian groups that oppose the Arab-Israeli peace process, such as Hamas and Palestinian Islamic Jihad. All Iranian factions have publicly supported Palestinian violence against Israel since September 2000.

Iran's human rights practices, particularly its treatment of the Baha'i and the Jewish communities, are also a major concern. The Bush Administration has identified Iran's modernization of its conventional forces as a potential threat to U.S. interests in the Persian Gulf, but others argue that the buildup has been minor and that Iran still is relatively poorly equipped.

Although the Bush Administration says it is still willing to hold a dialogue with Iran, the focus of current U.S. policy appears to be a return to the containment policy that prevailed during the early part of the Clinton Administration. During the first term of the Clinton Administration, as part of a policy of "dual containment" of Iran and Iraq, President Clinton imposed a ban on U.S. trade and investment in Iran in 1995, and a 1996 law imposed sanctions on foreign investment in Iran's energy sector (Iran-Libya Sanctions Act, ILSA).

In keeping with a 1997 policy shift toward engagement, the Clinton Administration and Congress later eased sanctions to allow U.S. exports to Iran of food and medical supplies and importation from Iran of goods such as carpets and caviar. The United States has consistently worked with its allies to prevent arms and advanced technology sales to Iran and to limit Iran's influence over regional energy flows. U.S. purchases of Iranian crude oil and U.S. company investments in Iran remain barred. ILSA was renewed for another 5 years on August 3, 2001 (H.R. 1954, P.L. 107-24).

MOST RECENT DEVELOPMENTS

The multi-year thawing of U.S.-Iran relations reversed in January 2002 over revelations that Iran had sold arms to the Palestinian Authority and over Iranian efforts to exert influence on the new Afghan government. In his January 29, 2002 State of the Union message, President Bush named Iran, along with Iraq and North Korea, as part of an “axis of evil,” constituting major potential threats to U.S. national security. In July and August, the Administration articulated a shift in policy - supporting Iranians who want reform and democracy, rather than seeking to engage or support Khatemi and his faction.

BACKGROUND AND ANALYSIS

The power struggle in Iran between revolutionary purists and more moderate reformists colors Iran's domestic and foreign policies. President Mohammad Khatemi, who was re-elected on June 8, 2001 by a landslide 77% of the vote against nine more conservative candidates, holds a popular mandate for greater domestic freedoms. His reelection victory was larger than his 69% first win in May 1997. His supporters hold about 70% of the seats in the 290-seat Majlis (parliament) following victories in the February 18, 2000 Majlis elections. However, Khatemi's reform program has been largely obstructed by hardliners, including Supreme Leader Ali Khamene'i (successor to Ayatollah Khomeini), who control key revolutionary institutions and other levers of power. The hardliners also have constrained Khatemi's efforts to moderate Iran's foreign policy. As part of a hardline backlash since April 2000, hardliners in the judiciary have closed more than 60 reformist newspapers and imprisoned or questioned several editors and even some members of the Majlis. In February 2002 testimony, DCI George Tenet said Iran's reform movement was “losing momentum” to the “unelected” hardliners, and Khatemi has publicly criticized hardline elements for slowing his reform attempts. In late August 2002, Khatemi proposed new legislation that would strengthen the power of his office. Reform-minded Iranians have protested against the hardline agenda, but with limited success. In mid-2002, the Bush Administration reportedly concluded that engaging Khatemi would no longer be productive and that the United States should instead publicly support reformist, pro-democracy Iranians.

Iran's Strategic Buildup

Iran is not considered a major conventional threat to the United States, but some of its weapons of mass destruction (WMD) programs, particularly medium range ballistic missiles, appear to be making significant progress and could put U.S. allies and installations at risk. For further information, see CRS Report RL30551, *Iran: Arms and Technology Acquisitions*.

Conventional Weapons

Iran's armed forces total about 550,000 personnel, including both the regular military and the Revolutionary Guard, the latter of which is loyal to the hardliners. Low oil prices and high debts slowed Iran's defense acquisitions to about \$300 million per year during

1996-1999, from over \$1 billion per year in the early 1990s, although purchase levels appear to be rising again. According to U.S. military officials, equipment already purchased has given Iran the ability to block the Strait of Hormuz at least temporarily, but Iran is largely lacking in ability to project power far beyond its borders. In November 2000, Russia told the United States it would no longer abide by a 1995 pledge to refrain from new conventional arms deals with Iran. On October 2, 2001, Iran and Russia signed an agreement that provides for \$300 million per year in Iranian arms purchases over the next 5 years, reportedly to include new MiG-29 and Sukhoi combat aircraft and anti-ship missiles, as well as the S-300 air defense system (the Russian counterpart of the U.S. "Patriot"). In May 2002, it was reported that Iran will buy new cruise-missile carrying patrol boats from China. See CRS Report RL31529, *Conventional Arms Transfers to Developing Nations, 1994-2001*.

Weapons of Mass Destruction (WMD)

It is partly because of Iran's attempts to acquire WMD that President Bush, in his January 29, 2002 State of the Union message, labeled Iran part of an "axis of evil" along with Iraq and North Korea. Iran's programs, particularly its missile program, continue to be assisted primarily by entities in Russia, China, and North Korea.

Chemical and Biological Weapons. U.S. proliferation reports state that Iran is seeking to acquire a self-sufficient chemical weapons infrastructure, that it may have some capability for biological weapons deployment, and that it has stockpiled chemical weapons, including blister, blood, and choking agents. This record raises questions about Iran's compliance with its obligations under the Chemical Weapons Convention (CWC), which Iran signed on January 13, 1993, and ratified on June 8, 1997. However, the Organization for the Prohibition of Chemical Weapons (OPCW), charged with monitoring the convention, has indicated general satisfaction with Iran's compliance thus far. OPCW toured Iran's declared chemical sites in February 1999, and Iran has made required declarations. Iran is a party to the 1972 Biological and Toxin Weapons Convention.

Missiles. Largely with Russian help, Iran is making progress in its missile program. Two of its first three tests of the 800-mile range *Shahab-3* (July 1998, July 2000, and September 2000) were either inconclusive or unsuccessful (the July 2000 test appears to have been a success), but Iran conducted an apparently successful test in late May 2002, and the Defense Department now assesses the missile as operational. Iran might have produced 10 - 20 of them, according to press reports. Amid press reports that Iran might also be making progress on the 1,200 mile range *Shahab-4*, U.S. officials said in May 2002 that Iran's could be upgraded to reach countries in central Europe. An intelligence community official upgraded the missile threat from Iran, testifying on March 11, 2002, that the United States would "most likely" face an intercontinental ballistic missile threat from Iran by 2015. CIA statements in February 2002 cast doubt that China is upholding a November 2000 pledge not to export missile technology to Iran or other countries. On February 22, 2002, the *Washington Times* reported that China had delivered HQ-7 surface-to-air missiles to Iran. On September 6, 2002, Iran said it successfully tested a 200 mile range "Fateh 110" missile.

Nuclear Weapons. DCI Tenet testified in February 2002 that Iran might be able to produce enough fissile material for a nuclear weapon by late this decade, and sooner if it gets such material from outside. Russia, despite these U.S. concerns and protests, is proceeding with its January 1995 contract with Iran to complete a nuclear power plant at Bushehr, and

the two countries have said it should be complete by the end of 2003 and operational by 2005. Russia says that it has reached agreement with Iran for the spent nuclear material produced by the plant to be returned to Russia and reprocessed there. Amid concerns among experts that the plant could help Iran produce fissile material for a nuclear weapon, Iran, perhaps fearing a U.S. air or missile strike to destroy the plant, has been surrounding it with anti-aircraft batteries ("Inside the Ring," *Washington Times*, May 10, 2002). A possible strike on the plant was the subject of a July 29, 2002 *Washington Post* article. In September 2002, Russian technicians began assembling the reactor and turbine. In July 2002, Russia raised U.S. concerns by unveiling a plan to build five more reactors in Iran over the next ten years. Russia sought to downplay this plan during a visit to Moscow by Energy Secretary Spence Abraham, although Russia continues to insist Bushehr is not a proliferation threat.

The February 2002 CIA report to Congress, covering January - June 2001, says that some Iran-China interactions raise questions about China's adherence to its pledge to refrain from new nuclear cooperation with Iran. Iran accepts International Atomic Energy Agency (IAEA) safeguards of its known nuclear facilities, and agency visits to Iran's declared facilities since 1992 have found no evidence at the sites visited to indicate Iran is developing nuclear weapons. Iran has refused to permit an enhanced IAEA inspections program ("93+2") that would include surprise inspections to undeclared facilities, although some observers say Iran might ultimately accept the plan.

Each year since FY1998, foreign aid laws have contained provisions cutting U.S. aid to the Russian government if it continues the Bushehr project or assists Iran's ballistic missile program. No waiver was provided for either in the FY1998 or the FY2000 legislation, although the cuts do not apply to nuclear dismantlement in Russia or aid to Russia's private sector. The foreign operations appropriations for both FY2001 (P.L. 106-429) and FY2002 (conference report H.Rept. 107-345) contain a similar provision, but both increase the aid cut to 60%. The House version of the FY2002 foreign relations authorization bill, H.R. 1646, passed by the House on May 16, 2001, contains Title IX, the Iran Nuclear Proliferation Prevention Act of 2001. Virtually identical to bills introduced in the 106th and 105th congresses, the provision would make the IAEA subject to cuts in U.S. voluntary contributions if it continued technical assistance to Iran's nuclear program.

Iranian Foreign Policy and Involvement in Terrorism

Iran's continued support for terrorism contributed to President Bush's strong criticism of Iran in his State of the Union message. The State Department report on international terrorism for 2001, released May 21, 2002, again states, as it has for most of the past decade, that Iran "remained the most active state sponsor of terrorism in 2001," although the report attributes the terrorist activity to two hardline institutions — the Revolutionary Guard and the Intelligence Ministry. On the other hand, Iran strongly condemned the September 11 attacks and tacitly supported the U.S. war on the Taliban and Al Qaeda. (See also CRS Report RL31119, *Terrorism: Near Eastern Groups and State Sponsors*, 2002.)

Persian Gulf

Khatemi has largely succeeded in improving relations with Iran's neighbors, particularly the six states of the Gulf Cooperation Council (GCC; Saudi Arabia, Kuwait, Bahrain, Qatar, Oman, and the United Arab Emirates). Since he came into office, Iran has reduced support for Shiite Muslim dissident movements in the Gulf states. See also CRS Report RL30728, *Persian Gulf: Issues for U.S. Policy*, 2000.

Saudi Arabia/Khobar Towers. Iran and Saudi Arabia restored relations in December 1991 (after a 4 year break), and progressively higher level contacts have taken place since December 1997. In May 1999, Khatemi became the first senior Iranian leader to visit Saudi Arabia since the Islamic revolution; he visited again on September 11, 2002, to discuss the possible U.S. military action against Iraq. In April 2000, Saudi Arabia's number three leader, Prince Sultan, hosted a visit by Iran's Defense Minister. Supreme Leader Khamene'i has been invited to visit the Kingdom as well. In mid-April 2001, Saudi Arabia and Iran formally entered into an anti-crime security pact, suggesting that Saudi Arabia wishes to bury the issue of the June 25, 1996 Khobar Towers housing complex bombing, which killed 19 U.S. airmen. On June 21, 2001, a federal grand jury indicted 14 suspects, 13 Saudis and a Lebanese citizen, for the Khobar bombing. The indictment indicated that Iranian agents were likely involved, but no indictments of any Iranians were announced. In June 2002, Saudi Arabia reportedly sentenced some of the eleven Saudi suspects held there. (See CRS Issue Brief IB93113, *Saudi Arabia: Postwar Issues and U.S. Relations*.)

Gulf Islands Dispute With UAE. Relations between Iran and the UAE deteriorated sharply in April 1992, when Iran asserted complete control of the Persian Gulf island of Abu Musa, which it and the UAE shared under a 1971 bilateral agreement. (In 1971, Iran, then ruled by the U.S.-backed Shah, seized two other islands, Greater and Lesser Tunb, from the emirate of Ras al-Khaymah, which later became part of the UAE.) The UAE wants to refer the dispute to the International Court of Justice (ICJ), but Iran insists on resolving the issue bilaterally. Several GCC states have attempted to mediate in recent years and Iran-UAE tensions have eased somewhat, but Iran insists that it has sovereignty over the islands and that this issue is not negotiable. The United States, which is concerned about Iran's military improvements to the islands, generally supports UAE proposals but takes no position on sovereignty. *Jane's Defence Weekly* reported in March 2000 that Iran's military improvements were relatively minor.

Iraq. A legacy of the 8-year long Iran-Iraq war (1980-1988) is deep lingering suspicion between Iran and Iraq, but the two have drawn closer in recent years, and Iran publicly opposes a major U.S. military offensive against Iraq. Since early 1998, the two have exchanged significant numbers of prisoners from the 1980-1988 Iran-Iraq war. An October 2000 visit to Iraq by Iran's Foreign Minister Kamal Kharrazi resulted in apparent agreement to abide by the waterway-sharing and other provisions of their 1975 Algiers Accords, which Iraq had abrogated prior to its September 1980 invasion of Iran. In exchange for a share of the proceeds, Iran's maritime authorities sometimes cooperate with Iraq's illicit export of oil products through the Gulf. Suggesting it might try to take advantage of any collapse of Saddam Husayn's regime, Iranian hardliners still give support to Shiite militants in southern Iraq (the Supreme Council for the Islamic Revolution in Iraq, SCIRI) trying to

overthrow Iraq's regime, and Iran allowed the Iraqi National Congress (INC), Iraq's main opposition umbrella, to open an office in Tehran in 2001.

Middle East Peace Process/North Africa

Many of the allegations of Iran's support for terrorism center on its assistance to groups opposed to the Arab-Israeli peace process, primarily Hamas, Palestinian Islamic Jihad (PIJ), Hizballah, and the Popular Front for the Liberation of Palestine-General Command. U.S. terrorism reports state that, following the start of the September 2000 Palestinian uprising, Iran increased its support for terrorism by encouraging coordination among Palestinian terrorist groups. Iran also incites anti-Israel violence, including hosting conferences of anti-peace process organizations (April 24, 2001, and June 2-3, 2002). Khamene'i has continued to call Israel a "cancerous tumor" and he said in early November 2000 that the Palestinian-Israeli violence could end only if Israel were "eradicated." Khatemi, while publicly pledging support for the anti-peace process groups, has sometimes tried to moderate Iran's position somewhat, saying on some occasions that Iran would accept a final Israeli-Palestinian settlement acceptable to the Palestinians.

Iran has traditionally had few ties to the non-Islamist Palestinian organizations, including elements linked to the Palestinian Authority, that have conducted some of the day-to-day violence against Israel in the current uprising. It was viewed as a new development when Israel and the United States asserted in early January 2002 that Iran was the source of a shipment, intercepted by Israel, of 50 tons of arms bought by the Palestinian Authority.

About 150 Iranian Revolutionary Guards remain in Lebanon to coordinate Iranian arms deliveries to Hizballah, which are offloaded in Damascus and trucked into Lebanon. The shipments have included Stingers obtained by Iran in Afghanistan, mortars that can reach the Israeli city of Haifa if fired from southern Lebanon, and, recently, over 8,000 Katyusha rockets. The *Washington Post* reported on June 30, 2002, that Hizballah is cooperating with Al Qaeda on logistics and terrorist training, although some experts are skeptical that the two could bridge their differing goals. In mid-April 2002, Foreign Minister Kharrazi visited Lebanon and urged Hizballah to exercise restraint on the Israeli-Lebanese border at a time of heightened tensions between Israel and the Palestinians. However, Hizballah is believed to take its advice from Iran's hardliners, not those linked to Khatemi and the reformists.

Sudan. Sudan's close relations with Iran in the early 1990s contributed to Sudan's placement on the U.S. "terrorism list" on August 18, 1993. However, Sudan's alliance with Iran frayed in the mid 1990s as Sudan sought to burnish its international image.

Central and South Asia/Azerbaijan

Iran's policy in Central Asia has thus far emphasized economic cooperation over Islamic ideology, although Iran has become increasingly assertive in its relations with Azerbaijan. In early 1992, Iran led the drive to bring the Central Asian states and Azerbaijan into the Economic Cooperation Organization (founded in 1985 by Iran, Pakistan, and Turkey, as a successor to an organization founded by those states in 1964). Iran is hoping to attract energy pipeline routes through it, rather than through other countries. However, Iran does host at least one anti-Azerbaijan guerrilla leader (Hasan Javadov), and it reportedly harbors leaders of the Islamic Movement of Uzbekistan (IMU). Some allegations surfaced in April

2002 that Iran is actively helping the Islamic Movement of Uzbekistan (IMU), an Al Qaeda ally, regroup after the war in Afghanistan.

Tensions with Azerbaijan flared in late July 2001 over energy exploration rights in the Caspian; Iranian warships and combat aircraft intimidated an international oil firm (BP) on contract to Azerbaijan from continuing its work in an area of the Caspian Iran considers its own. The United States called Iran's actions in the Caspian provocative, and it offered new border security aid and increased political support to Azerbaijan. Iran and Armenia, an adversary of Azerbaijan, agreed on expanded defense cooperation in early March 2002. Iran-Azerbaijan tensions eased somewhat in conjunction with the mid-May 2002 visit of Azerbaijan's President Heydar Aliyev to Iran, although there was little evident progress on a bilateral division of their portions of the Caspian.

Al Qaeda/Afghanistan/Pakistan. Iran long opposed the puritanical Sunni Muslim regime of the Taliban in Afghanistan on the grounds that it oppressed Shiite Muslim and other Persian-speaking minorities. Iran nearly launched a military attack against the Taliban in September 1998 after Taliban fighters captured and killed several Iranian diplomats based in northern Afghanistan, and it provided military aid to the anti-Taliban Northern Alliance coalition, made up of mostly Persian-speaking minority groups. Iran — along with the United States, Russia, and the countries bordering Afghanistan — attended U.N.-sponsored meetings in New York (the Six Plus Two group) to try to end the internal conflict in Afghanistan. Iran and the United States also participated in a U.N.-sponsored group in Geneva, which includes Italy and Germany. Tacitly aligned with the U.S. military campaign against the Taliban in Afghanistan, Iran pledged search and rescue assistance to the United States and allowed U.S. humanitarian aid for the Afghan people to transit Iran. U.S. officials initially called Iran's role in the anti-Taliban/Al Qaeda effort, including efforts to form a new Afghan government “constructive.”

Some of Iran's activities in Afghanistan reflect official suspicion of the United States: Iran publicly opposed U.S. military retaliation for the September 11 attacks and refused to join a U.S.-led anti-terrorism coalition. Iran is said to fear the pro-U.S. tilt of the new government of Afghanistan and the waning of Iran's traditional sway in western, central, and northern Afghanistan where Persian-speaking Afghans predominate. There have been press reports and U.S. official statements since in January 2002 that hardliners in Iran are harboring, or at least not aggressively moving to arrest, senior Al Qaeda operatives who have fled Afghanistan (Sayf al-Adl and Abu Hafs the Mauritanian); they are reportedly living in Mashhad and Zabol. Another report in early September 2002 said Iran is helping Al Qaeda transport some of its gold assets, which it is increasingly using instead of bank accounts. On the other hand, Saudi Arabia said in August 2002 that Iran had extradited to Saudi Arabia 16 Al Qaeda members. Other reports say Iran is arming local Afghan strongmen including Herat governor Ismail Khan, Mazar-e-Sharif governor Abdul Rashid Dostam, and others, and President Bush has warned Iran not to seek to exert influence over the new government of Afghanistan. Apparently seeking to deflect the U.S. criticism, in March 2002 Iran reportedly expelled exiled Pashtun figure Gulbuddin Hikmatyar, an opponent of the new Afghan government. The expulsion followed a February 24, 2002 visit to Iran by Afghan leader Hamid Karzai; the two countries agreed to broad cooperation. (See CRS Report RL30588, *Afghanistan: Current Issues and U.S. Policy Concerns*.)

Former Yugoslavia

On June 26, 1996, and again on May 5, 1997, President Clinton certified to Congress that Bosnia had expelled foreign forces and ended intelligence cooperation with Iran. The certifications were required by P.L. 104-122, an FY1996 supplemental appropriation, and P.L. 104-208, the FY1997 foreign aid appropriation, in order to provide U.S. aid to Bosnia.

Human Rights Concerns

U.S. and U.N. human rights reports cite Iran for widespread human rights abuses, (especially of the Baha'i faith), including assassinations and executions of regime opponents (Kurds, People's Mojahedin, and others) in Iran and abroad. These reports note that Khatemi's efforts to promote rule of law have met repeated challenges from hardliners. In April 2002, the U.N. Human Rights Commission narrowly voted not to investigate Iran's human rights record during 2002-3.

Religious Persecution. On October 27, 2001, the State Department again named Iran as a "Country of Particular Concern," under the International Religious Freedom Act. No sanctions were added, on the grounds that Iran is already subject to extensive U.S. sanctions. Religious persecution continues, especially against the Baha'i community, because Iran's Shiite Muslim clergy views the sect as heretical. Two Baha'is (Dhabihullah Mahrami and Musa Talibi) were sentenced to death in 1996 for apostasy. On July 21, 1998, Iran executed Ruhollah Ruhani, the first Bahai executed since 1992 (Bahman Samandari). The United States condemned the execution. In February 2000, Iran's Supreme Court set aside the death sentences against three Bahais, Sirus Zabihi-Moqaddam, Hedayat Kashefi-Najafabadi, and Manucher Khulusi. On April 21, 1999, the Clinton Administration expressed concern about the sentencing to prison of four Baha'is. Recent resolutions condemning Iran's treatment of the Baha'is, including S.Con.Res. 57, which passed the Senate July 19, 2000, and H.Con.Res. 257, which passed the House on September 19, 2000.

Trial of 13 Jews. Although the 30,000 member Jewish community (the largest in the Middle East aside from Israel) enjoys more freedoms than Jewish communities in several other Muslim states, during 1993-1998 Iran executed five Jews allegedly spying for Israel. In June 1999, Iran confirmed that it had arrested 13 Jews — teachers, shopkeepers, and butchers — from the Shiraz area that it said were part of an "espionage ring" for Israel. After an April - June 2000 trial in which eight of the suspects "confessed" to the allegations, ten of the Jews and two Muslims accomplices were convicted (July 1, 2000) and received sentences ranging from 4 years to 13 years. Three Jews were acquitted. On September 21, 2000, a three-judge appeals panel reduced the sentences slightly, now ranging from 2 to 9 years. On February 8, 2001, Iran's Supreme Court rejected their appeals, allowing the revised sentences to stand. In March 2001, Iran released one of the Jews on the grounds that his sentence included time served; another was released on January 16, 2002. Several bills in the 106th Congress condemned the arrests and called for the release of the detainees and for linking U.S. relations with Iran to the trial's outcome; the Senate passed S.Con.Res. 39 (June 23, 1999) and S.Con.Res. 109 (May 4, 2000). In April 2001, a similar bill, H.Con.Res. 29, was introduced in the 107th Congress.

U.S. Policy and Sanctions

The February 11, 1979 fall of the Shah of Iran, a key U.S. ally, opened a long rift in U.S.-Iranian relations. On November 4, 1979, radical “students” seized the U.S. Embassy in Tehran and held its diplomats hostage until minutes after President Reagan’s inauguration on January 20, 1981. The United States broke relations with Iran on April 7, 1980, and the two countries have had no official dialogue since. The exception was the abortive 1985-86 clandestine arms supply relationship with Iran in exchange for some American hostages held by Hizballah in Lebanon (the so-called “Iran-Contra Affair”). Iran maintains an interests section in Washington (Embassy of Pakistan), staffed by Iranian permanent resident aliens or U.S. citizens of Iranian descent. The U.S. protecting power in Iran is Switzerland.

Upon taking office in 1993, the Clinton Administration moved to further isolate Iran as part of a strategy of “dual containment” of Iran and Iraq. In 1995 and 1996, the Clinton Administration and Congress added sanctions on Iran in response to growing concerns about Iran’s weapons of mass destruction and conventional weapons acquisition programs, its support for terrorist groups, and its efforts to subvert the Arab-Israeli peace process. The election of Khatemi in May 1997 precipitated a shift in U.S. policy more toward engagement. The Administration offered Iran official dialogue, with no substantive preconditions. In January 1998, Khatemi publicly agreed to increase “people-to-people” exchanges with the United States, ruling out official dialogue.

In a June 17, 1998 speech, then Secretary of State Albright stepped up the U.S. outreach effort by calling for mutual confidence building measures that could lead to a “road map” for normalization of relations. Encouraged by the reformist victory in Iran’s March 2000 parliamentary elections, Secretary Albright gave another speech on March 17, 2000, acknowledging past U.S. meddling in Iran, easing sanctions on some Iranian imports, and promising to work to resolve outstanding claims disputes. Iran welcomed the steps, but called them insufficient to warrant the beginning of a dialogue. In early September 2000 meetings at the United Nations in connection with the Millennium Summit, Secretary Albright and President Clinton sent a positive signal to Iran by attending Khatemi’s speeches.

Until early 2002, the Bush Administration appeared to be continuing the Clinton Administration efforts, in part by building on the cooperation between the two countries in Afghanistan. The Administration’s November 13, 2001 continuation of the 1979 national emergency on Iran justified the emergency by saying that U.S. “relations with Iran have not yet returned to normal,” a far softer statement than previous justifications sighting a continued threat from Iran. Following a move by some Majlis deputies to call for re-establishing relations with the United States, on October 30, 2001, Supreme Leader Khamene’i threatened to fire any Iranian official who seeks to forge relations with the United States. His statement came a few weeks after several Members of Congress had dinner in the Senate with Iran’s U.N. representative.

The thaw in relations, which appeared to accelerate in the context of cooperation in the Afghanistan crisis, appears to have reversed since January 2002. Allegations of Iran’s sale of arms to the Palestinian Authority and reputed meddling in Afghanistan have caused the Administration and Congress to become more critical of Iran’s intentions and actions. As noted above, President Bush named Iran as part of an “axis of evil” in his State of the Union message. On July 12, 2002, President Bush issued a statement supporting those Iranians

demonstrating for reform and democracy. The statement signaled a shift in U.S. policy from attempting to engage and support Khatemi and his faction to publicly supporting Iranian reformers and activists. This view, based on the conclusion that engaging Khatemi would not produce more moderate Iranian policies on key issues, was mirrored in Congress during 2002 when several Members called for U.S. efforts to promote civil society in Iran. Two resolutions introduced in late July (S.Res. 306 and H.Res. 504) called for positive U.S. gestures toward “the people of Iran, and not political figures whose survival depends upon preservation of the current regime.” Some interpreted the U.S. shift as a move toward a policy of regime change for Iran.

Economic Sanctions

Since the November 4, 1979 seizure of the U.S. hostages in Tehran, economic sanctions have formed a major part of U.S. policy toward Iran. On November 14, 1979, President Carter declared a national emergency with respect to Iran, renewed every year since 1979.

Terrorism/Foreign Aid. Following the October 1983 bombing of the U.S. Marine barracks in Lebanon, believed perpetrated by Iranian allies, Iran was added to the “terrorism list” in January 1984. The designation bans direct U.S. financial assistance and arms sales, restricts sales of U.S. dual use items, and requires the United States to oppose multilateral lending to the designated countries. Separate from its position on the terrorism list, successive foreign aid appropriations laws since the late 1980s ban direct assistance to Iran (loans, credits, insurance, Eximbank credits) and indirect assistance (U.S. contributions to international organizations that work in Iran). Section 307 of the Foreign Assistance Act of 1961 (added in 1985) names Iran as unable to benefit from U.S. contributions to international organizations, requiring proportionate cuts if these institutions work in Iran. Iran is also barred from sales of U.S. munitions list items because it has been designated every year since 1997 as not cooperating with U.S. anti-terrorism efforts, under the Anti-Terrorism and Effective Death Penalty Act (P.L. 104-132). That Act also penalizes countries that assist or sell arms to terrorism list countries, and another law (the Defense Department Authorization Act of 1987) limits Defense Department contracts with companies controlled by terrorism list states (\$100,000 contract limit). U.S. regulations do not bar disaster relief and the United States donated \$125,000, through relief agencies, to help victims of two earthquakes in Iran (February and May 1997), and another \$350,000 worth of aid to the victims of a June 22, 2002 earthquake.

Proliferation Sanctions. Several sanctions laws are unique to Iran. The Iran-Iraq Arms Nonproliferation Act (P.L. 102-484) requires denial of license applications for exports to Iran of dual use items, and imposes sanctions on foreign countries that transfer to Iran “destabilizing numbers and types of conventional weapons,” as well as WMD technology. The Iran Nonproliferation Act (P.L. 106-178) authorizes sanctions on foreign entities that assist Iran’s WMD programs. It bans U.S. extraordinary payments to the Russian Aviation and Space Agency in connection with the international space station unless the President can certify that the agency or entities under the Agency’s control had not transferred any WMD or missile-related technology to Iran within the year prior. The provision contains certain exceptions to ensure the safety of astronauts who will use the space station and for certain space station hardware. During 2001 and 2002, a number of entities in North Korea, China, India, Armenia, and Moldova have been sanctioned under the Iran Nonproliferation Act, the

Iran-Iraq Arms Nonproliferation Act of 1992 (P.L. 102-484), and another law, the Chemical and Biological Warfare Elimination Act of 1991, for sales to Iran.

Counternarcotics. In February 1987, Iran was first designated as a state that failed to cooperate with U.S. anti-drug efforts or take adequate steps to control narcotics production or trafficking. U.S. and U.N. Drug Control Program (UNDCP) assessments of drug production in Iran prompted the Clinton Administration, on December 7, 1998, to remove Iran from the U.S. list of major drug producing countries. The decision exempts Iran from the annual certification process that kept drug-related U.S. sanctions in place on Iran. Britain reportedly has sold Iran small arms for its anti-drug efforts on the Afghan border.

Trade Ban. On May 6, 1995, President Clinton issued Executive Order 12959 banning U.S. trade and investment in Iran, including the trading of Iranian oil overseas by U.S. companies. This followed an earlier March 1995 executive order barring U.S. investment in Iran's energy sector, and, although modified, has been extended each year since. On March 13, 2001, President Bush renewed the declaration of a state of emergency that triggered the March 1995 investment ban. An August 1997 amendment to the trade ban (Executive Order 13059) prevented U.S. companies from knowingly exporting goods to a third country for incorporation into products destined for Iran. The trade ban was partly intended to blunt criticism that U.S. trade with Iran made U.S. appeals for multilateral containment of Iran less credible. Some goods related to the safe operation of civilian aircraft can be licensed for export to Iran, and in December 1999, the Clinton Administration allowed the repair of engine mountings on seven Iran Air 747's (Boeing). Implementing regulations do not permit U.S. firms to negotiate investment deals with Iran.

Following a 1998 application by a U.S. firm to sell Iran agricultural products, and in the context of Clinton Administration and congressional reviews of U.S. unilateral sanctions policies, the Clinton Administration announced in April 1999 that it would license, on a case-by-case basis, commercial sales of food and medical products to certain countries on which unilateral U.S. trade bans are in place (Iran, Libya, and Sudan). Under regulations issued in July 1999, private letters of credit can be used to finance approved sales, but no U.S. government credit guarantees were made available and U.S. exporters were not permitted to deal directly with Iranian banks. Iran says the lack of credit makes U.S. sales, particularly of wheat, uncompetitive. The FY2001 agriculture appropriations (P.L. 106-387), contains a provision banning the use of official credit guarantees for food and medical sales to Iran and other countries on the U.S. terrorism list, except Cuba, although allowing for a presidential waiver to permit such credit guarantees. (In the 107th Congress, S.171, introduced January 24, 2001, would repeal this provision.) The Clinton Administration did not provide credit guarantees, and the Bush Administration has not done so either.

In her March 17, 2000 speech, then Secretary Albright announced an easing of the trade ban to allow U.S. importation of Iranian nuts, dried fruits, carpets, and caviar; regulations governing the imports were issued in April 2000. The United States was the largest market for Iranian carpets before the 1979 revolution, although U.S. anti-dumping tariffs imposed on Iranian pistachio nut imports since 1986 (over 300%, although the Commerce Department is expected to lower this tariff in the near future) are dampening imports of that product. Iranian caviar and carpets are now sold in the United States; the Iranian carpet market could eventually reach an estimated \$100 million per year.

The Iran-Libya Sanctions Act (ILSA). The Iran-Libya Sanctions Act (ILSA, H.R. 3107, P.L. 104-172, signed August 5, 1996), a law that sanctions foreign investment in Iran or Libya's energy sector, was to expire on August 5, 2001. H.R. 1954, which renewed ILSA for five years but requires an Administration report on its effectiveness within 24-30 months, was passed by large majorities in both chambers in July 2001. It was signed on August 3, 2001 (P.L. 107-24). In testimony before the House International Relations Committee on June 20, 2002, a senior State Department official said that the Bush Administration probably would waive sanctions on European companies that invest in Iran, in exchange for European assistance in curbing Iran's WMD programs and terrorism. The statement was a response to calls in Congress (H.Res.434) to sanction Canadian oil company Sheer Energy, which, in May 2002, announced an \$80 million contract to develop an Iranian oil field. See CRS Report RS20871, *The Iran-Libya Sanctions Act (ILSA)*.

Caspian/Central Asian Energy Routes Through Iran. The U.S. trade ban permits U.S. companies to apply for licenses to conduct "swaps" of Caspian Sea oil with Iran, but, as part of a U.S. policy to route Central Asian energy around Iran (and Russia), a Mobil Corporation application to do so was denied in April 1999. The Administration continues to oppose, and to threaten imposing ILSA sanctions on, pipeline projects that route Caspian/Central Asian energy through Iran. U.S. policy has been to strongly favor construction of a pipeline that would cross the Caspian Sea and let out in Ceyhan, Turkey (Baku-Ceyhan pipeline), avoiding Iran or Russia. Four Caspian nations (Turkey, Georgia, Azerbaijan, and Kazakhstan) signed an agreement embracing Baku-Ceyhan on November 18, 1999, and regional and corporate support for the project has gained momentum to the point where pipeline construction is expected to begin in earnest soon. Kazakhstan nonetheless is pushing for construction of an oil pipeline across Iran. Despite U.S. pressure not to import Iranian gas, Turkey has begun to do so through a new cross-border pipeline, under an August 1996 agreement. (See CRS Report 98-86, *Iran: Relations With Key Central Asian States*.)

Europe and Japan's Relations With/Lending to Iran. U.S.-allied differences on Iran narrowed since 1998 in concert with the Clinton Administration's attempt to engage Iran, a policy consistently favored by the European countries as a way to moderate Iran's behavior. During 1992-1997, the European Union (EU) countries maintained a policy of "critical dialogue" with Iran. The United States did not oppose those talks but maintained that the EU's dialogue would not change Iranian behavior. The dialogue was suspended immediately following the April 1997 German terrorism trial that found high-level Iranian involvement in assassinating Iranian dissidents in Germany. Alongside the post-1997 U.S. shift toward engagement, the EU-Iran dialogue formally resumed in May 1998. Since then, Khatemi has undertaken state visits to several Western countries, including Italy (March 1999), France (October 1999), Germany (July 2000), and Japan (November 2000). The United States publicly welcomed these visits.

The resolution of the "Rushdie affair" to Britain's satisfaction sparked improvement in its relations with Iran. Iran maintains that Ayatollah Khomeini's 1989 death sentence against author Salman Rushdie cannot be revoked (his "Satanic Verses" novel was labeled blasphemous) because Khomeini is no longer alive to revoke it. However, on September 24, 1998, Iran's Foreign Minister pledged to Britain that Iran will not seek to implement the sentence and opposes any bounties offered for his death. Britain then upgraded relations with Iran to the ambassadorial level, and Foreign Ministers of the two countries have

exchanged several visits. In October 2000, Britain began extending longer term credit (two years or greater) for exports to Iran. Some Iranian clerics (outside the formal government structure) have said the death sentence stands, and the Iranian government has not required the Fifteen Khordad foundation to withdraw its \$2.8 million reward for Rushdie's death. Khatemi said on June 4, 2001 that he considers the issue closed.

In August 1999, Japan continued a gradual improvement in relations with Iran by announcing a resumption of Japan's official development lending program for Iran to construct a hydroelectric dam over the Karun River. However, the \$70 million increment announced was less than Iran had wanted, and Japan said that this tranche would close out Japan's involvement in the project. (In 1993, Japan provided the first \$400 million tranche of the overall \$1.4 billion official development loan program, but the lending was subsequently placed on hold as the United States sought to persuade its allies to pressure Iran.) In late January 2000, Japan agreed to resume medium- and long-term export credit insurance for exports to Iran, suspended since 1994. Economic relations improved further during Khatemi's November 2000 visit to Tokyo, which resulted in Iran's granting Japanese firms the first right to negotiate to develop the large Azadegan field, and Iran and a Japanese-led consortium are moving forward with preliminary studies of the field. Some press reports suggest that Royal Dutch/Shell might join the Azadegan project, apparently because it can provide needed technology. In exchange, Japan agreed to prepay Iran \$1 billion per year for the next 3 years for Iranian oil. Partly at U.S. urging, Japan refused to extend to Iran additional official loans.

During 1994-1995, and over U.S. objections at the time, Iran's European and Japanese creditors rescheduled about \$16 billion in Iranian debt. These countries (governments and private creditors) rescheduled the debt bilaterally, in spite of Paris Club rules that call for multilateral rescheduling and International Monetary Fund (IMF) involvement. Iran has worked its external debt down from \$32 billion in 1997 to about \$20 billion as of March 2002, according to Iran's Central Bank. The improved debt picture has led most European export credit agencies, including Germany's Hermes, France's COFACE, and that of Spain, to restore insurance cover for exports to Iran. In early September 2001, Iran and the EU met to discuss a possible trade pact that would lower the tariffs or increase quotas for Iranian exports to the EU countries, and the EU decided in mid-June 2002 to move toward formal negotiations on that pact. Another round of talks began September 10, 2002. In July 2002, Iran tapped international capital markets for the first time since the Islamic revolution, selling \$500 million in bonds to European banks. At the urging of the U.S. government, in May 2002 Moody's stopped its credit ratings service for Iran's government bonds on the grounds that performing the credit ratings service might violate the U.S. trade ban.

Multilateral Lending to Iran. Section 1621 of the Anti-Terrorism and Effective Death Penalty Act of 1996 (P.L. 104-132) amended the Foreign Assistance Act to require the United States to vote against international loans to countries on the U.S. terrorism list. Acting under provisions of successive foreign aid laws, in 1993 the United States voted its 16.5% share of the World Bank against loans to Iran of \$460 million for electricity, health, and irrigation projects. To signal opposition to international lending to Iran, the FY1994 foreign aid appropriations act (P.L. 103-87) cut the Administration's request for the U.S. contribution to the World Bank by the amount of those loans. That law, the FY1995 foreign aid appropriation (P.L. 103-326), and the FY1996 foreign aid appropriations (P.L. 104-107),

would have significantly reduced U.S. payments to the Bank if it had provided new loans to Iran.

By 1999, Iran's moderating image had led the World Bank to consider new loans. In May 2000, the United States was unsuccessful in obtaining further delay on a vote on new lending for Iran, and its allies outvoted the United States to approve \$232 million in loans for health and sewage projects. Twenty one of the Bank's twenty four governors voted in favor, and France and Canada abstained. Earlier, Iran also had asked the International Monetary Fund for about \$400 million in loans (its quota is about \$2 billion) to help it deal with its trade financing shortfalls. However, Iran balked at accepting IMF conditionality, and there was no agreement. Despite the required U.S. opposition, on May 10, 2001, the World Bank's executive directors voted to approve a two-year economic reform plan for Iran that envisions \$775 million in new Bank loans. In May 2003, the Bank will consider a \$112 million loan to Iran for low- and middle-income housing.

WTO. The Bush Administration has opposed Iran's membership in the World Trade Organization (WTO), although it says that position is "under review." In May, July, and October 2001, the WTO, at U.S. urging, postponed a discussion on whether to launch entry talks with Iran.

Travel Sanctions. Use of U.S. passports for travel to Iran is permitted, but a State Department travel warning, softened somewhat in April 1998, asks that Americans "defer" travel to Iran. Iranians entering the United States are required to be fingerprinted, although the Clinton Administration had promised to eliminate the practice for Iranian visitors.

Assets Disputes/Victims of Terrorism. Iran claims that the United States has frozen vast amounts of Iranian assets, presenting an obstacle to improved relations. A U.S.-Iran Claims Tribunal, at the Hague, is arbitrating cases resulting from the break in relations following the Iranian revolution. The major cases yet to be decided center on hundreds of Foreign Military Sales cases between the United States and the Shah's regime, which Iran claims it paid for but were unfulfilled. About \$400 million in proceeds from the resale of that equipment is in a DOD account. In April 2000, then Secretary Albright named a representative to negotiate a resolution of the claims issue at the Hague.

The assets issue moved to the forefront following several U.S. court judgements against Iran for past acts of terrorism against Americans, filed under the Anti-Terrorism and Effective Death Penalty Act of 1996. Since March 1998, U.S. courts have awarded the following: \$247 million to the family of Alisa Flatow, killed in Israel in April 1995 in a bombing by Palestinian Islamic Jihad (awarded in March 1998); \$65 million to three Americans held hostage in Lebanon - David Jacobsen, Joseph Cicippio, and Frank Reed (August 1998); \$324 for Lebanon hostage Terry Anderson (March 2000); \$327 million to the families of two Americans killed in a February 1996 Hamas bombing (July 2000); and \$355 million to the family of Marine Lt. Col. William Higgins, killed by Hizballah in 1989 (September 2000). Former Lebanon hostage Thomas Sutherland won a \$353 million judgement against Iran on June 26, 2001.

In August 2001, the family of former Lebanon hostage father Lawrence Jenco won a \$314.6 million judgment against Iran for his captivity. In June 2001, former hostages Benjamin Weir and Frank Regier sued Iran for over \$100 million for their captivity in

Lebanon. Also in early June 2001, the family of former hostage Peter Kilburn, who was killed in the course of his captivity in Lebanon, filed a suit against both Libya and Iran for more than \$200 million. In October 2001, victims of the October 1982 Hizballah bombing of the Marine barracks in Beirut filed a \$5 billion suit against Iran. On January 23, 2002, a federal judge ordered Iran to pay \$42 million to the family of Charles Hegna, who was beaten in the course of a 1984 Hizballah hijacking of Kuwait Air 221. On February 6, 2002, a federal judge awarded \$56 million to the family of Ira Weinstein, killed in a 1996 Hamas bus bombing in Israel.

On the basis of the sanctity of diplomatic property, the Clinton Administration blocked efforts by the claimants to satisfy their judgments from frozen Iranian assets – diplomatic property in Washington (worth about \$22 million) or the DOD account mentioned above. In December 1999, the Clinton Administration also blocked a Flatow effort to seize a \$6 million U.S.-Iran Claims Tribunal judgement awarded to Iran. A provision of the Victims of Trafficking and Violence Protection Act of 2000 (H.R. 3244, P.L. 106-386) provides for the use of general revenues to pay 110% of *compensatory* damage awards to the above and future successful claimants in a total not to exceed the rental proceeds from Iran's diplomatic property and the DOD account. (The tenant of the Iranian Embassy building was evicted for non-payment of rent in March 2002, with rent of about \$750,000 overdue.) The provision requires the President to try to recoup the expended funds from Iran as part of an overall reconciliation in relations and assets settlement, although there is no requirement that funds ultimately be withheld from Iran.

A provision of the FY2002 Commerce, Justice, State appropriation (P.L. 107-77) requires an Administration legislative proposal on how to compensate successful U.S. claimants in future terrorism-related judgments against Iran. In April 2002, a federal judge ruled that Iran, under the Algiers Accords, had immunity from a lawsuit by the 52 Americans held hostage by Iran for 444 days. With regard to the 52 American hostages, the conference report on the FY2002 defense appropriation (P.L. 107-117, H.Rept.107-350) states that the hostages should be able to collect damages from Iranian assets, notwithstanding U.S.-Iran agreements on the disposition of Iran's assets.

Regarding the mistaken U.S. shootdown on July 3, 1988 of an Iranian Airbus passenger jet, on February 22, 1996, the United States, responding to an Iranian case before the International Court of Justice (ICJ), agreed to pay Iran up to \$61.8 million in compensation (\$300,000 per wage earning victim, \$150,000 per non wage earner) for the 248 Iranians killed in the shootdown. The funds for this settlement came from a general appropriation for judgments against the United States. The United States previously paid \$3 million in death benefits for 47 non-Iranians killed in the attack, but has not compensated Iran for the airplane itself. A different case, pending before the ICJ, involves an Iranian claim for damages to Iranian oil platforms during U.S. naval clashes with Iran in October 1987 and April 1988.

Military Containment

U.S. policy has focused on containing the military threat posed by Iran to the United States, U.S. allies in the Persian Gulf, and international shipping. Although containing Iraq has been the primary goal of U.S. forces in the Persian Gulf region since the Iraqi invasion of Kuwait, U.S. military officials note that U.S. forces could potentially be used against Iran,

if the President so decides. U.S. military officers note that their encounters with Iranian naval vessels in the Gulf have been more professional since Khatemi took office.

Iran's Opposition Movements

On February 8, 1995, then House Speaker Newt Gingrich said that a U.S. policy supporting the overthrow of Iran's regime was the only policy that made sense. The Administration accepted a House-Senate conference agreement to include \$18-\$20 million in funding authority for covert operations against Iran in the FY1996 intelligence authorization act (H.R. 1655, P.L. 104-93) — about \$14 million more than requested — according to a *Washington Post* report of December 22, 1995. The Clinton Administration reportedly succeeded in focusing the covert aid on changing the regime's behavior, rather than its overthrow. The conference report on H.R. 2267 (H.Rept. 105-405), the FY1998 Commerce/State/ Justice appropriation, provided \$4 million for a "Radio Free Iran," to be run by Radio Free Europe/Radio Liberty (RFE/RL). The radio, which the Administration is calling the Farsi service of RFE/RL, began operations in Prague on October 31, 1998. Another \$4 million for the radio for FY1999 was provided by the omnibus appropriation (H.R. 4328, P.L. 105-277). (See CRS Report 98-539, *Radio Free Iraq and Radio Free Iran: Background, Legislation, and Policy Issues for Congress*.)

Since the late 1980s, the State Department has refused contact with the anti-regime People's Mojahedin Organization of Iran (PMOI) and its umbrella organization, the National Council of Resistance (NCR). It was designated as a foreign terrorist organization in October 1997 under the Anti-Terrorism and Effective Death Penalty Act of 1996. For further information on this group, see CRS Report RL31119, *Terrorism: Near Eastern Groups and State Sponsors, 2002*.

Some Iranian exiles follow the son of the late former Shah, who lives in the United States. On January 24, 2001, the Shah's son, Reza Pahlavi, 40 years old, ended a long period of inactivity by giving a speech in Washington calling for unity in opposition to the current regime and for the institution of a constitutional monarchy and genuine democracy in Iran. He has since broadcast messages into Iran from a station in California, and press reports say a growing number of Iranians are listening to his broadcasts.

Issue Brief for Congress

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Jordan: U.S. Relations and Bilateral Issues

Updated August 26, 2002

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Foreign Affairs, Defense, and Trade Division

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Jordan: U.S. Relations and Bilateral Issues

SUMMARY

The death of King Hussein on February 7, 1999, removed a strong U.S. ally and force for stability; however, most observers believe his son and successor, King Abdullah, will continue the late King's moderate and pro-western policies. In recent years, Jordan has taken significant steps toward building democratic life. Relatively free elections to the 80-member parliament were held in 1989 and 1993. Much of the opposition, including the fundamentalist Islamic Action Group (IAF), boycotted the 1997 elections over press restrictions and alleged attempts by the government to by-pass parliament. The IAF did participate in municipal elections in July 1999, and parliament has eased restrictions in laws affecting the press.

Several issues in U.S.-Jordanian relations are likely to figure in decisions by Congress and the Administration on future aid to and cooperation with Jordan. These include the stability of the Jordanian regime, democratic reform under way in Jordan, the role of Jordan in the Arab-Israeli peace process, Jordan's cooler but fluctuating relations with Iraq, and its relations with other regional states. King Abdullah expressed Jordan's "absolute condemnation" of the September 11 terrorist attacks on the United States and was the first Arab head of state to visit President Bush after the attacks. In December, Jordan sent military medical and mine clearing units to Afghanistan to support the U.S.-led campaign against terrorism.

Economic and military aid levels are important factors in the bilateral relationship. At the President's request, Congress appropriated a total of \$401 million in three separate appropriation bills, enacted between 1994 and 1996, to forgive Jordan's \$702.3 million debt

to the United States. On October 24, 2000, the two countries signed a free trade agreement. On July 26, 2001, the Senate Finance Committee and the House Ways and Means Committee approved bills (S. 643 and H.R. 2603) to implement the agreement. The House approved H.R. 2603 by voice vote on July 31, the Senate did likewise on September 24, and President Bush signed the bill as P.L. 107-43 on September 28.

In each of the four fiscal years 1998 through 2001, Jordan has received approximately \$225 million in annual U.S. assistance. The same amounts are contained in H.R. 2506, the Foreign Operations Appropriations bill for FY2002. H.R. 2506 was signed by the President as P.L. 107-115 on January 10, 2001. The Administration is seeking to double U.S. assistance to Jordan in FY2003 in view of Jordanian support to the anti-terrorism campaign. These increased amounts of aid for Jordan are contained in S. 2779, the Foreign Operations Appropriations bill for FY2003, reported by the Senate Appropriations Committee on July 24, 2002 (S.Rept. 107-219). The Administration is also seeking \$125 million for Jordan in FY2002 supplemental funding to help fund high-priority requirements resulting from Jordan's role in the U.S.-led campaign against terrorism.

Several alternative scenarios could develop in Jordan: a continuation of the current course toward democracy under the present regime; a return to a more autocratic political system; or fundamental changes in the character or configuration of the Jordanian state. Steady democratic growth under the present regime would probably offer the best prospects of supporting U.S. interests.

MOST RECENT DEVELOPMENTS

In its annual budget request, the Bush Administration is seeking to double U.S. aid to Jordan in FY2003, in view of Jordan's support for the U.S. campaign against terrorism. Increased amounts of economic and military aid for Jordan as requested by the Administration are contained in S. 2779, the Foreign Operations Appropriations bill for FY2003, reported by the Senate Appropriations Committee on July 24, 2002. Also, the Administration requested \$125 million for Jordan under FY2002 supplemental appropriations (\$100 million in budget support and \$25 million to finance equipment for border security and special operations forces). The conference report for the 2002 Supplemental Appropriations Act (H.R. 4775) did not specifically mention the requested economic and military assistance figures; however, it did contain funds to pay Jordan and other cooperating nations for logistical support to U.S. military operations in connection with the war on terrorism. President Bush signed H.R. 4775 as P.L. 107-206 on August 2.

Following press reports in early July that U.S. military planners are considering use of bases in Jordan to launch military operations against Iraq, Jordanian officials on July 8 and 9 denied that Jordan would be used as a launching pad for such operations. A U.S. official declined to discuss U.S. war planning.

U.S.-Jordanian Relations and the Gulf Crisis

Although the United States and Jordan have never been linked by a formal treaty, they have cooperated on a number of regional and international issues over the years. Several factors have contributed toward U.S. interest in Jordan. First, throughout much of its history, Jordan has been a pro-Western, modernizing country that has adopted moderate policies on most regional issues. Second, the country's stable political leadership and talented population have given Jordan considerable importance in the Middle East political scene. Third, Jordan has made significant contributions to regional stability and economic development in the Persian Gulf area; during the 1970s and 1980s, Jordan provided the small, oil-rich but newly independent Gulf states with military advisors, instructors, engineers, skilled workers, and technical specialists. Fourth, because of its large Palestinian population, its former role on the West Bank, and its extended border with Israel and the occupied territories, Jordan is pivotal in the search for a solution to the Arab-Israeli conflict.

U.S. support has helped Jordan deal with serious vulnerabilities, both internal and external. Jordan's small size and lack of major economic resources have made it dependent on aid from Western and friendly Arab sources. Jordan's geographic position, wedged between Israel, Syria, Iraq, and Saudi Arabia, has made it vulnerable to the strategic designs of its more powerful neighbors, but has also given Jordan an important role as a buffer between these potential adversaries. In 1990, Jordan's unwillingness to join the allied coalition against Iraq disrupted its relations with the United States and the Persian Gulf states; however, relations improved after Jordan joined the Arab-Israeli peace process in late 1991 and, somewhat later, began to distance itself from Iraq.

Jordanian Issues of U.S. Interest

Stability of the Regime and Succession

Throughout his 46-year reign, the late King Hussein was the dominant figure in the Jordanian political scene and enjoyed a high degree of legitimacy as head of a prestigious dynasty, the loyalty of the armed forces, and widespread respect as a strong and energetic leader with extensive experience in governing his country. On January 25, 1999, shortly before his death from cancer on February 7, King Hussein designated his eldest son Abdullah as Crown Prince and heir apparent. Upon succeeding to the throne on February 7, 1999, King Abdullah appointed his younger half brother, Prince Hamzah, as the new Crown Prince and heir apparent, in accordance with their late father's wishes.

The King, known as Abdullah II, attended secondary school in the United States and has studied at Oxford University and Georgetown University.

He also attended British military schools and has served in the Jordanian Army since 1984, most recently as Commander of the Special Operations Command. King Abdullah's wife, Queen Rania, comes from a prominent Palestinian family, a fact that may garner additional support from the Palestinian community. As a military officer who apparently did not expect to succeed to the throne, King Abdullah was not heavily involved in politics, economics, or foreign affairs, but had many contacts with military counterparts in Gulf states and other friendly countries, including the United States. Despite the gap left by the death of King Hussein, most observers agree that King Abdullah has been successful in consolidating his rule and has won respect for his hands-on style of governing. (For more background information, see CRS Report 98-703, *Jordan: Succession Issues*, by Alfred B. Prados.)

King Abdullah has been keenly interested in boosting Jordan's economy, which has been burdened by slow economic growth, declining per capita income, and high levels of unemployment (see box). The government has recently instituted reform measures, including reduced customs fees, laws protecting intellectual property, and removal of barriers to foreign investment, and on April 11, 2000, Jordan became the 136th member of the World Trade Organization (WTO). On April 15, 2002, Jordan's Foreign Minister said the government would impose "minimal" price increases on such staples as bread, barley, bran, fodder, and diesel, fuel oil, and kerosene in an effort to qualify for an International Monetary

Jordan in Brief

Population (July 2001): 5,153,378

growth rate 3.0%

Area: 89,213 sq km (34,445 sq mi, slightly smaller than Indiana)

Ethnic Groups: Arabs 98%

Circassians 1%

Armenians 1%

Religion: Sunni Muslim 92%; Christian 6%; small Muslim sects 2%

Literacy (1995): 87% (male 93%, female 79%)

GDP (2001): \$8.7 billion; real growth 3.5-4.0%

Inflation (2001): 1.4%

Unemployment (2001): 13.2% (some unofficial estimates are twice as high)

Armed Forces (2001): personnel 100,240
tanks 980

combat aircraft 101

Trade Balance (2001): -\$2.6 billion

External Debt (2001): \$6.7 billion

Sources: U.S. Dept. of State; Central Bank of Jordan; other U.S. and Jordanian government departments.

Fund (IMF) program designed to reduce Jordan's chronic budget deficits. A 2% general sales tax was imposed on 87 items, mainly food products, on June 1, thus completing IMF-directed reforms aimed at increasing domestic revenue.

Experiments in Democratic Reform

Jordan is a constitutional monarchy with a bicameral legislature composed of an elected 80-member lower house and a 40-member appointed upper house. Starting in 1989, the late King supported a return to limited parliamentary democracy while periodically moving to curtail dissent when it threatened economic reforms or normalization of relations with Israel. Jordan held relatively free elections to the lower house of parliament in 1989 and 1993. In both elections the fundamentalist Islamic Action Front (IAF), which opposed the government on various issues, emerged as the largest single party, but the King was able to muster majorities for his domestic and foreign policies. Elections held in November 1997, however, were boycotted by the IAF and eight smaller nationalist parties, who complained that recent government decrees had stifled dissent and marginalized the role of parliament.

King Abdullah has taken further measures to open the political system within certain limits. Despite their boycott of the 1997 parliamentary elections, members of the IAF decided to participate in municipal elections held in July 1999 to choose 2,530 councillors for 304 municipalities. Although pro-government candidates won a majority of the seats, the IAF registered gains, particularly in several larger cities including the capital city of Amman. In mid-1999, the government proposed amendments to an unpopular press law that had banned 14 topics including criticism of the royal family or coverage of the armed forces. On September 6, 1999, Parliament went further and deleted the entire Article 37, which contained the restrictions. Journalists, however, can still be punished for various violations under other provisions of the penal code. Moreover on October 9, 2001, with parliament in recess, the government promulgated an amendment to the press law stipulating closure of publications that carry "false or libelous information that can undermine national unity or the country's reputation." It also bans articles that incite crimes, strikes, or threats to public order.

On June 16, 2001, King Abdullah dissolved parliament and approved a new electoral law on July 23. The new law lowers the voting age from 19 to 18, expands membership in the lower house of parliament from 80 to 104, and creates new safeguards against ballot fraud. The law retains a voting system that favors tribal East Bank constituencies over the largely Palestinian populated cities. In a speech on August 15, 2002, King Abdullah said that difficult regional circumstances had necessitated further postponements of elections but added that he expects they will take place in the spring of 2003.

Reaction to Terrorist Attacks of September 11

On September 12, King Abdullah wrote President Bush expressing Jordan's "absolute condemnation of terrorist aggression against your nation" and assured him that Jordan stands by the United States against the perpetrators. In an ABC interview, the King said Jordan is associated with an international network of intelligence organizations to combat terrorism. King Abdullah was the first Arab head of state to visit President Bush after the attacks, and at a joint press conference on September 28, he reiterated Jordan's "full, unequivocal support" for the United States. President Bush said "the cooperation of our friend, the

Jordanians, is strong and powerful.” Since then, Jordan has taken several steps to support the U.S. campaign against terrorism. In December, Jordan sent approximately 200 military medical personnel to Afghanistan to set up a 50-bed field hospital in the northern city of Mazar-i-Sharif. As of February 27, 2002, according the State Department, the Jordanian field hospital had treated 18,364 patients. Also in December, a small team of Jordanian Army engineers arrived in Afghanistan to help clear a key air base of anti-tank and anti-personnel mines. In addition, the State Department noted that Jordan has provided basing and overflight permission for all U.S. and coalition forces.

Over a year before the September attacks, in April 2000, Jordan had charged 28 persons (13 in absentia) allegedly linked to the exiled Saudi extremist Osama bin Laden with involvement in a plot to carry out terrorist acts in Jordan. Six of these were sentenced to death by a military court on September 18, 2000; 16 received varying prison terms (including two life terms); and six were acquitted. Defense lawyers appealed 10 of the convictions. One of those convicted in absentia was a U.S. citizen who was subsequently extradited by Syria to Jordan and is to be retried in accordance with Jordanian law. In later developments, a *Time* magazine article of November 18, 2001 reported that Jordan thwarted at least two attacks planned by agents linked to bin Laden earlier in the year. On June 3, 2002, the *Christian Science Monitor* reported that Jordanian authorities had recently arrested 11 suspected terrorists who were allegedly planning attacks on the U.S. and Israeli embassies in Jordan, along with other Israeli targets on the West Bank. The detainees are said to have ties to Osama bin Laden’s Al Qaeda organization.

Jordan’s Role in the Peace Negotiations

Peace Agreements. Jordanian-Israeli negotiations have constituted the most successful phase of the current Arab-Israeli peace process inaugurated during the George H. W. Bush Administration in late 1991. Negotiations gathered momentum in 1993, with the signature on September 13 by Jordanian and Israeli representatives of a “common agenda” for further negotiations with the stated goal of achieving a “just, lasting and comprehensive peace.” In 1994, Jordan and Israel reached two milestone agreements: a Declaration of Non-Belligerency signed in Washington on July 25, followed by a full-fledged peace treaty signed on October 26 at a ceremony on the Israeli-Jordanian border attended by President Clinton. The peace treaty provides for recognition by each party of the other’s sovereignty, borders, and political independence; demarcation of borders; full diplomatic relations; agreement on water sharing; and cooperation in economic, scientific, and cultural fields.

Implementation and Normalization. After the treaty was signed on October 26, 1994, the two countries exchanged ambassadors; Israel returned approximately 131 square miles of territory near the Rift Valley to Jordan; the Jordanian parliament repealed laws banning contacts with Israel; and the two countries signed a number of bilateral agreements between 1994 and 1996 to normalize economic and cultural links. Water sharing, a recurring problem, was partially resolved in May 1997 when the two countries reached an interim arrangement under which Israel began pumping 72,000 cubic meters of water to Jordan per day (equivalent to 26.3 million cubic meters per year—a little over half the target amount envisioned in an annex to the peace treaty).

An important vehicle for commercial cooperation has been the establishment of “Qualifying Industrial Zones” (QIZs), under which goods produced with specified levels of

Jordanian and Israeli input can enter the United States duty free, under the provisions of P.L. 104-234. (This act amended previous legislation so as to grant the President authority to extend the U.S.-Israel free trade area to cover products from QIZs between Israel and Jordan or between Israel and Egypt.) Since 1998, the United States has designated ten industrial parks in Jordan as QIZs. At least four of these are currently operational and, according to conservative estimates, have created 8,500 jobs and attracted \$85 million in foreign direct investment (some estimates are as high as 24,000 jobs and \$186 million).

King Abdullah's efforts to normalize relations with Israel have faced significant resistance within Jordan, particularly among Islamic fundamentalist groups, parts of the Palestinian community, and influential trade and professional organizations representing some 80,000-100,000 engineers, doctors, lawyers, journalists, and writers. Opponents of normalization have repeatedly called on Jordanians to boycott contacts with Israel, and activists among them have compiled two "black lists" of Jordanian individuals and companies that deal with Israel. In January 2001, Prime Minister Ali Abu Raghhab warned that such lists harm Jordan's investor-friendly image. Police subsequently arrested seven union leaders on charges of belonging to an illegal organization (apparently, a 24-member umbrella committee which had been in the forefront of the black list campaign). Among many mainstream Jordanians, there is some disappointment that peace with Israel has not brought more tangible economic benefits to them so far.

Further Arab-Israeli Negotiations. Like his father, King Abdullah has tried to help facilitate Israeli-Palestinian and Israeli-Syrian negotiations. Jordan, like Egypt, has resisted pressures from some Arab states to sever relations with Israel since the outbreak of Israeli-Palestinian clashes in September 2000, but the Jordanian government has deferred sending a new ambassador to Israel, because of what Jordan regards as an excessive Israeli response to the Palestinian uprising. On May 24, 2001, Jordan's official news agency announced that King Abdullah and visiting Palestinian leader Yasir Arafat supported the recommendations of a fact-finding team led by former U.S. Senator George Mitchell aimed at halting Israeli-Palestinian strife. At an Arab summit conference on March 27-28, 2002, Jordan backed a peace initiative by the Crown Prince of Saudi Arabia calling, among other things, for Israeli withdrawal from territories occupied since 1967, a "just solution to the Palestinian refugees," and establishment of normal relations between Arab states and Israel. According to the press, the Jordanian Prime Minister told attendees at the conference that this initiative "constitutes a corner-stone of a comprehensive peace in the region."

Jordanian officials expressed serious concerns over the escalation in Israeli-Palestinian tensions in March 2002, particularly after a series of Israeli incursions into Palestinian self-rule areas beginning on March 29. According to the Jordanian press, during the visit of Vice President Dick Cheney to Jordan on March 13, the King "reiterated the urgent need to overcome the current Palestinian-Israeli crisis, paving the way for resumption of negotiations..." During April, King Abdullah and other Jordanian officials urged the United States and the world community to press for Israel's withdrawal from the Palestinian self-rule areas and for termination of the siege imposed by Israeli forces on Arafat at his headquarters in the West Bank town of Ramallah. On May 8, during a visit to President Bush, King Abdullah asked for U.S. support in finding a road map "to bring Israelis and Palestinians the peace that they deserve." He added in a speech on May 13 that "[o]nly the United States has the political and moral authority to bring people together to take the risks that peace requires."

In a press release by the Jordanian Embassy in Washington, Jordan welcomed President Bush's speech of June 24 dealing with the Israeli-Palestinian conflict. The press release stated that "[t]he call for a Palestinian state as the outcome of the Palestinian right to freedom is a needed and welcomed development." The Jordanian statement did not mention President Bush's call for a new Palestinian leadership, and in an interview with a Kuwaiti newspaper on June 29, King Abdullah said that the future of Palestinian leader Yasir Arafat is an issue that "no party has the right to decide on except the Palestinian people." Earlier, however, in an interview published on June 21, the King expressed doubts that Arafat is still capable of controlling "Palestinian public sentiment and extremism."

The West Bank and East Jerusalem. The Jordanian-Israeli peace treaty does not address the status of the West Bank territory, which was annexed by Jordan in 1950 but occupied by Israel in 1967, nor does it address the status of East Jerusalem (except as noted below); both issues are subjects of Israeli-Palestinian rather than Israeli-Jordanian negotiations. Although King Hussein severed Jordanian ties with the West Bank in 1988, Jordan remains involved in Palestinian issues for several reasons: Jordan's large Palestinian population, its continuing involvement in supporting some West Bank institutions, the preference on the part of some Israeli leaders for a Jordanian role in a future Palestinian settlement, and Jordan's continued role in protecting and maintaining the Islamic holy places in East Jerusalem. Also, the Jordanian government provides humanitarian, educational, and social services to Palestinian refugees residing in refugee camps in Jordan, estimated by a Jordanian official at \$400 million in 2001.

Palestinian leaders have taken exception to Article 9 of the 1994 Israeli-Jordanian treaty, which states that Israel "respects the historical role of the Hashemite Kingdom [of Jordan] in the mosques of Jerusalem" and "will give high priority to the Jordanian historic role in these shrines." Palestinian leader Arafat has asserted that "sovereignty over Jerusalem and supervision of Jerusalem is for Palestinians." The late King Hussein has said that Jordan will continue its role in protecting and maintaining the Islamic holy places in Jerusalem to assure that there is no vacuum in Muslim control of these sites. On April 23, 2000, King Abdullah told Israeli television: "I believe that on the political level, Jerusalem has enough room for a Palestinian and an Israeli capital On the religious side, I believe that Jerusalem should be a city for all of us, an open city." He commented in an interview on April 11, 2001, that a solution to the Israeli-Palestinian conflict must give Palestinians hope they can have a state encompassing the West Bank and Gaza with East Jerusalem as its capital. In a speech to a Washington audience on May 13, 2002, King Abdullah said that under a peace deal that he envisions, "[t]he Jerusalem question would be answered, by providing for a shared open city to all faiths."

Hamas and Rejectionist Groups. According to the U.S. State Department's most recent annual report on patterns of global terrorism (April 2001), the Jordanian government has remained vigilant in opposing terrorism. On August 30, 1999, Jordanian security forces closed offices used by the fundamentalist Palestinian organization Hamas, which the late King Hussein had tolerated to some degree, on the grounds that the offices were registered as businesses but were conducting illegal political activity. In November 1999, authorities announced that the Hamas offices would be closed permanently. On October 9, 2001, after the terrorist attacks on the United States, the Jordanian government issued an amendment to terrorism laws banning any banking operations "linked to terrorism activities", along with banning border infiltration and attacks on industry, shipping, telecommunications, and

computer systems. On April 24, 2002, news articles reported that Jordan had arrested five members of an illegal Islamic fundamentalist organization known as *Tahrir* (Liberation), which has demanded that Jordan send troops to support Palestinians in the West Bank.

Enforcement of Sanctions Against Iraq

Course of Jordanian-Iraqi Relations. Jordan's earlier ties with Iraq, a major irritant in U.S.-Jordanian relations, have cooled considerably since the 1990-1991 Gulf crisis and its immediate aftermath. Since 1994, Jordan has tightened enforcement of U.N. economic sanctions against Iraq, allowed an Iraqi opposition group to establish an office in Jordan, and permitted a two-month deployment of U.S. fighter aircraft to Jordan in the spring of 1996 to train with Jordanian air crews and help enforce a no-fly zone over southern Iraq. Jordan has also criticized Iraqi government policies including Iraq's failure to observe the terms of U.N. Security Council resolutions. Nevertheless, long-standing economic ties and popular sympathy among many Jordanians for the Iraqi people have combined to prevent a complete rupture between the two countries, and there have been periodic warming trends in their bilateral relations.

Jordanian officials have voiced opposition to the use of force against Iraq, and suggested that lifting sanctions could alleviate suffering by the Iraqi people. In an interview of May 2, 2002, the King said that an attack on Iraq "would be catastrophic throughout the whole of the Middle East" at a time when emotions are already aroused over the crisis in the West Bank. In a press interview on July 31, King Abdullah expressed the view that it would be a "tremendous mistake" not to heed warnings from abroad against a military campaign in Iraq. Meeting with King Abdullah the following day, President Bush reiterated his commitment to regime change in Iraq; the President commented that "we're looking at all options, the use of all tools" to bring this about, and added that "one of the things we will do is consult with our friends." King Abdullah responded that "what I found from day one with the President is he understands the bigger picture and that at the end of the day, peace and stability for the Middle East has been at the forefront of his mind."

Following several press reports in early July that U.S. troops are preparing to conduct military operations against Iraq from bases or locations in Jordan, the Jordanian Minister of Information told reporters on July 8, 2002, that "we refuse to be a launching pad or arena for any act against our brotherly state Iraq or to use our soil and airspace to attain this objective." On July 9, *The New York Times* carried a similar report that U.S. military planners are considering Jordan as a staging area for air and commando raids on Iraq; however, the same article quoted the Jordanian Foreign Minister as telling reporters that "Jordan will not be used as a launching pad, and we do not have any U.S. forces in Jordan." A U.S. National Security Council spokesman said the Administration would not comment on war planning.

Commercial Ties. Jordan has continued to import oil from Iraq at discounted prices, pointing out to the U.N. Sanctions Committee that it has had no other source of affordable oil since the cessation of Saudi oil shipments in 1990. Sources quote somewhat varying figures, ranging from 70,000 to 80,000 bpd of crude oil and additional amounts of oil products (fuel oil, gas oil, lubrication oil), with maximum estimates of 96,000 bpd of crude oil and oil products combined. During a visit to Iraq by five Jordanian cabinet ministers on August 24, 2001, Jordan's Minister of Trade and Industry said work would begin soon on a 750-kilometer (450-mile) oil pipeline linking Iraq and Jordan. The pipeline, projected to

cost \$350 million, could provide an alternative to the currently costly and less efficient oil shipments by truck. Jordanian and Iraqi representatives reaffirmed their intention to start building the pipeline during a meeting in December.

On December 23, 2001, the two countries renewed an annual trade accord, under which Jordan will import approximately four million tons of crude oil and one million tons of oil products from Iraq during 2002. According to the Jordanian Minister of Energy, the pricing formula is figured on a base price of \$20 per barrel, with a discount of 40% for any increase in price over \$20 (presumably in the event that oil prices go up). In addition, there is a special discount for Jordan of \$3 per barrel, regardless of the current price of oil. Actual payments are reportedly made in commodities rather than cash, through shipments of humanitarian goods from Jordan to Iraq. Under the trade accord, Jordan will export an estimated \$260 million worth of commodities to Iraq during 2002, as compared with \$450 million in 2001. According to the Iraqi Trade Minister, this reduction is due to a decline in oil prices since mid-2001, inasmuch as the value of Jordanian exports to Iraq under the trade accord is linked to the price of oil. The Iraqi minister pointed out that the projected \$260 million in Jordanian exports could increase if oil prices should return to their earlier higher levels.

Since 1991, annual U.S. foreign assistance appropriations acts have contained restrictions on U.S. assistance to any country not in compliance with U.N. Security Council sanctions against Iraq. According to the State Department, the U.N. Sanctions Committee has "taken note of" Jordan's imports of Iraqi oil and its lack of economically viable alternatives. The U.S. Administration has issued annual waivers of the above restrictions on U.S. assistance to Jordan on grounds of national interest but continues to encourage Jordan to seek alternative energy sources. (See discussion of U.S. aid to Jordan, below.)

There are conflicting interpretations over whether U.N. Security Council Resolution 760 bans commercial air flights to Iraq, as the United States asserts, or whether it only requires verification that any cargo carried to or from Iraq contains no forbidden items. Since August 2000, more than ten countries including Jordan have sent flights to Iraq carrying humanitarian supplies as well as government officials and private sector representatives. On June 5, 2001, Jordan's Minister of Industry and Trade told reporters that Royal Jordanian Airlines will operate regular twice-weekly flights to Baghdad on Tuesdays and Fridays. Then on August 12, 2001, Jordan's Transport Minister said these flights would be increased to four per week starting in September. Meanwhile, on December 4, 2000, the Iraqi Foreign Minister said Jordan had agreed to return Iraqi airliners impounded in Jordan since the 1990-1991 Gulf war (reportedly four Boeing 727s and two 707s). Jordanian aviation sources were unaware of any decision to return the planes to Iraq and expressed doubt that Jordan has the necessary facilities to conduct needed repairs on the planes. According to a more recent report carried by the Iraqi News Agency on August 25, 2001, the Iraqi Minister of Transport asked his Jordanian counterpart to return the Iraqi planes; however, the latter reportedly has said such a decision would depend on a U.N. Security Council decision.

Relations with Other Regional States. Jordan's somewhat cooler relations with Iraq have led to a warming trend between Jordan and its former Gulf allies, who had been alienated by Jordan's tilt toward Iraq during the 1990-1991 Gulf crisis. An important milestone was Jordan's reconciliation with Saudi Arabia, culminating in a visit by King Hussein to Saudi King Fahd on August 12, 1996. According to Jordanian officials, Saudi

Arabia is willing to resume oil shipments (which amounted to 40,000 barrels per day before being cut off in 1990), but at market prices, which would be significantly higher than discounted prices charged by Iraq. Jordan has reestablished good relations with other Gulf states, including most recently Kuwait, which agreed to the reopening of the Jordanian Embassy on March 3, 1999 and to the return of a resident Jordanian Ambassador on August 30, followed with a visit to the Emir of Kuwait by King Abdullah on September 6-7. A subsequent visit by King Abdullah to Kuwait on May 22, 2001 led to revival of several Jordanian-Kuwaiti economic accords suspended since 1990.

Another reconciliation took place with Syria, which was frequently at odds with Jordan in the past. In 1999, the two countries agreed to build a joint dam on the Yarmouk River. Syria undertook to give Jordan eight million cubic meters of water on a one-time basis to ease a water shortage in the summer of 1999, followed by 3.5 million cubic meters of water during the summer of 2000, and additional water again during July and August of 2001. On August 20, 2002, Syrian President Bashar al-Asad promised the visiting Jordanian Prime Minister that Syria would provide additional unspecified quantities of water to help Jordan weather the current dry season.

U.S. Aid Issues

Aid, Funding Levels, and Trade

Previous and Recent Aid. The United States has provided economic and military aid, respectively to Jordan since 1951 and 1957. Total U.S. aid to Jordan through 1997 is approximately \$3.9 billion, including \$2.1 billion in economic aid and \$1.8 billion in military aid. Levels of aid have fluctuated, increasing in response to threats faced by Jordan and decreasing during periods of political differences or worldwide curbs on aid funding.

U.S. aid to Jordan since 1990 reflects actions taken by the Administration and Congress during the Persian Gulf crisis of 1990-1991 and subsequent developments in the Arab-Israeli peace process. Because of Jordanian sympathy for Iraq during the Gulf crisis, Congress suspended FY1991 aid to Jordan in April 1991 (Section 502, P.L. 102-27). President Bush exercised waiver authority later in 1991, but the Administration agreed with Congress to maintain an informal hold on FY1991 and FY1992 funds for Jordan (except for food and military training) until 1993. The FY1993 aid appropriation acts required the President to certify that aid to Jordan was in U.S. national interest (FY1993), that Jordan supported the Arab-Israeli peace process (FY1993), and that Jordan was in compliance with U.N. sanctions against Iraq, and special congressional notification requirements applied to expenditure of aid funds for Jordan in FY1994. President Clinton issued the requisite waivers to permit release of funds for these fiscal years. Stipulations on aid to Jordan in annual appropriations were removed after Jordan signed a peace treaty with Israel and distanced itself from Iraq. (As explained above, annual appropriations acts continue to place restrictions on U.S. assistance to any country not in compliance with U.N. sanctions against Iraq, with provision for a presidential waiver on grounds of U.S. national interest.) **Table 2** on the last page shows annual aid figures for Jordan, together with pertinent presidential waivers, since 1990.

Middle East Peace and Stability Fund. As part of a 5-year “Middle East Peace and Stability Fund” announced by the Clinton Administration in June 1997, Egypt and Israel agreed to the diversion of \$50 million from each of their respective aid programs in FY1997 and again in FY1998 to augment economic aid funds available to Jordan. These two diversions brought U.S. economic aid for Jordan to \$112 million in FY1997 and \$150 million in FY1998, and total U.S. aid for Jordan to \$152 million and \$228 million in FY1997 and FY1998, respectively. (See **Table 2.**) Funds were not diverted from the Egyptian or Israeli programs in FY1999; however, according to the State Department, both Egypt and Israel fully supported continued economic aid to Jordan at the \$150 million level, and both countries have agreed to some phased reductions in their own economic aid programs. In FY1999, Jordan received \$150 million in economic support funds, \$45 million in foreign military financing, and \$25 million in drawdown authority from U.S. military stocks.

FY2000 Assistance. The Administration requested \$150 million in economic assistance, \$75 million in foreign military financing, and \$1.6 million in international military education and training for Jordan in FY2000. S. 1234, the foreign operations appropriation bill, contained \$150 million in economic assistance and \$75 million in military assistance for Jordan in FY2000. The Senate passed S. 1234 by 97 to 2 (roll call #192) on June 30, 1999. The House version of the foreign operations appropriation bill (H.R. 2606) did not contain earmarks for Jordan, but in its report language (H.Rept. 106-254, July 23, 1999), the House Appropriations Committee recommended the same amounts that appeared in the Senate bill. The House passed H.R. 2606 on August 3, 1999, by 385-35 (roll call #362). The conference report included the earmarks contained in the Senate bill. On October 18, President Clinton vetoed H.R. 2606 (see below); however, successor bills (H.R. 3196 and H.R. 3422) contained these funds for Jordan. On November 29, President Clinton signed H.R. 3194, the Consolidated Appropriations Act for FY2000 (P.L. 106-113), which passed H.R. 3422 by reference.

FY2001 Assistance. The President included the following amounts for Jordan in his FY2001 budget request: \$150 million in economic support funds (ESF), \$75 million in foreign military financing (FMF), and \$1.7 million in international military education and training (IMET). The same ESF and FMF amounts for Jordan were included in S. 2522, the Foreign Operations Appropriation bill for FY2001, which was reported by the Senate Committee on Appropriations on May 9, 2000. The Senate passed a companion bill, H.R. 4811, on July 18 by unanimous consent, after substituting the text of S. 2522. Meanwhile, on July 13, the House passed another version of H.R. 4811, which did not contain earmarks for Jordan, by 239-185 (Roll No. 400); however, in accompanying report language (H.Rept. 106-720, July 10, 2000), the Committee on Appropriations recommended the same amounts contained in the Senate bill for Jordan. The conference report (H.Rept. 106-997, October 25, 2000), which contained the Senate earmarks for Jordan, was passed by both houses on October 25 and signed into law by the President as P.L. 106-429 on November 6, 2000.

On November 14, 2000, President Clinton submitted a request to Congress for supplemental aid to address emergency needs for several Middle Eastern countries. For Jordan, he requested \$50 million in ESF to help compensate for lost tourism and higher oil prices and \$25 million in FMF to promote border security and military modernization. These funds apparently are in addition to amounts specified in P.L. 106-429, above. The 106th Congress did not act on this supplemental request.

FY2002 Assistance. The Bush Administration requested \$150 million in ESF and \$75 million in FMF, as well as \$1.8 million in IMET for Jordan in FY2002. The House version of the Foreign Operations Appropriations bill for FY2002, H.R. 2506, did not contain specific allocations for Jordan; however, in report language (H.Rept. 107-142, July 17, 2001) the House Appropriations Committee expressed “its continued strong support for Jordan’s constructive and critical role in the region” and recommended the same levels of ESF and FMF contained in the President’s budget request. The House passed H.R. 2506 on July 24, 2001, by 381 to 46 (Roll no. 266). The Senate version, passed on October 24, 2001, by 96 to 2 (Record Vote No. 312), did contain the amounts requested by the President for Jordan. The conference report (H.Rept. 107-345, December 19, 2001) included the amounts contained in the Senate version (\$150 million in ESF and \$75 million in FMF). The House agreed to the conference report by 357-66 (Roll no. 505) on December 19 and the Senate agreed to the report by unanimous consent on December 20.

As part of its campaign against terrorism in the aftermath of the September 11 attacks, the Bush Administration has requested supplemental funding in FY2002 for a number of countries that are playing a role in supporting the U.S. effort. Under supplemental funds proposed by the Administration, Jordan would receive an additional \$125 million in U.S. assistance, consisting of \$100 million in budget support and \$25 million to finance equipment for border security and special operations forces. Respective versions of a supplemental bill (H.R. 4775) passed by the House on May 24 and the Senate on June 7 did not specifically earmark these funds for Jordan; however, both bills provided a \$420 million fund for payments to Jordan, Pakistan, and other cooperating nations for logistical support provided to U.S. military operations in connection with the war on terrorism. The conference report changed this figure to \$390 million (H.Rept. 107-593, July 19, 2002.) The President signed H.R. 4775 as P.L. 107-206 on August 2, 2002.

FY2003 Assistance. The Bush Administration is seeking to double U.S. aid to Jordan in FY2003, in view of Jordanian support to the campaign against terrorism. The Administration’s budget request contains a total of \$448 million for Jordan in FY2003, including \$250 million in economic assistance and \$198 million in military assistance. A spokesman for the Office of Management and Budget was quoted as saying the increased aid will be used to improve border controls and interdiction of illegal weapons flow, to support financial training, trade, and investment, and to strengthen educational opportunities. These amounts are contained in S. 2779, the Foreign Operations Appropriations bill for FY2003, reported by the Senate Appropriations Committee on July 24, 2002 (S.Rept. 107-219). In the report, the Committee “notes with appreciation Jordan’s constructive role in the peace process and efforts to implement economic reforms.”

Wye River Funds. In addition to these annual aid funds, at the request of the Clinton Administration, Jordan received \$300 million as part of a special package to support the Wye River agreement, a U.S.-sponsored Israeli-Palestinian agreement that the late King Hussein had helped negotiate in 1998. Of the \$300 million in Wye River funds provided to Jordan, \$100 million (\$50 million in ESF and \$50 million in FMF) were included in a supplementary appropriations bill for FY1999 (P.L. 106-31, May 21, 1999). The remaining \$200 million (\$50 million in ESF and \$150 million in FMF) were included in H.R. 3422, the Foreign Operations Appropriations bill for FY2000, which was passed by reference in the Consolidated Appropriations Act for FY2000 (P.L. 106-113, November 29, 1999). (See Table 2.)

Free Trade Agreement. On October 24, 2000, President Clinton and King Abdullah witnessed the signing of a U.S.-Jordanian Free Trade Agreement, which will eliminate duties and commercial barriers to bilateral trade in goods and services originating in the two countries. Earlier, in a report released on September 26, the U.S. International Trade Commission concluded that a U.S.-Jordan Free Trade Agreement would have no measurable impact on total U.S. imports or exports, U.S. production, or U.S. employment. Under the agreement, the two countries agreed to enforce existing laws concerning worker rights and environmental protection. On January 6, 2001, then President Clinton transmitted to the 107th Congress a proposal to implement the Free Trade Agreement. On July 23, U.S. Trade Representative Zoellick and Jordanian Ambassador Marwan Muashir exchanged letters pledging that the two sides would “make every effort” to resolve disputes without recourse to sanctions and other formal procedures. These letters were designed to allay concerns on the part of some Republican Members over the possible use of sanctions to enforce labor and environmental provisions of the treaty.

Meanwhile, similar bills were introduced in both houses of Congress to implement the U.S.-Jordanian FTA: S. 643 (Baucus, introduced on March 28, 2001), H.R. 1484 (Levin, introduced on April 4, 2001), and H.R. 2603 (Thomas, introduced on July 24, 2001). On July 26, the Senate Finance Committee and the House Ways and Means Committee approved S. 643 and H.R. 2603, respectively, by voice votes. On July 31, the House passed H.R. 2603 by voice vote, and the Senate passed the bill by voice vote on September 24. President Bush signed the bill as P.L. 107-43 on September 28, during King Abdullah’s visit to Washington. For additional information, see CRS Report RL30652, *U.S.-Jordan Free Trade Agreement*.

Debt Relief

In 1994, in recognition of Jordan’s support for Middle East peacemaking, President Clinton asked Congress to pass the necessary legislation to forgive Jordan’s \$702.3 million debt to the United States (approximately 10% of Jordan’s worldwide debt). Congress has appropriated a total of \$401 million in subsidies, which under pertinent budgetary procedures are sufficient to forgive the entire \$702.3 million owed to the United States. The \$401 million in subsidies were contained in three appropriations bills beginning in 1994, as shown in **Table 1** below. Not covered under the previous debt forgiveness package are certain loan guarantees, Commodity Credit Corporation loans, and other special categories estimated at \$389 million at the end of 1998. (The Central Bank of Jordan carries a slightly higher figure of \$396.1 million as of 2001.) In seeking U.S. debt forgiveness, Jordanian officials hoped to obtain a three-fold benefit: to foster popular support for peace with Israel by creating a climate favorable for foreign investment with accompanying economic benefits; to demonstrate the credibility of U.S. commitments to domestic and regional opponents of the peace process; and to encourage Jordan’s other international creditors to follow suit in providing debt relief.

Table 1. U.S. Debt Forgiveness for Jordan
(\$ in millions)

Act	Fiscal Year Funds	Amount of Subsidy	Approximate Amount Forgiven
P.L. 103-306	1994	99	220
P.L. 104-19	1995	275	419
P.L. 104-208	1997-1998	27*	63

Subsidy split as follows: \$15 million in FY1997 funds, \$12 million in FY1998 funds.

Though willing to ease payment terms, Jordan's creditors (other than the United States) have been largely unwilling to forgive debts, and Jordan's total indebtedness changed little between 2000 (\$6.76 billion) and 2001 (\$6.69 billion). (These figures do not include certain types of bonds and undisbursed loans.) Among major creditors, Jordan owes \$1.56 billion to Japan, \$1.0 billion to the World Bank, and \$2.01 billion to three major European countries: Germany, France, and Britain. Jordan did succeed in easing repayment pressures by rescheduling \$400 million of its debt to Paris Club creditors in 1997 and another \$800 million in 1999; as of early 2002, Jordan was seeking to restructure \$3.8 billion in external debt. Earlier, on April 4, 2000, Jordan signed a \$123 million aid agreement with the European Union, of which about two thirds was to be used to alleviate poverty in Jordan's burgeoning cities and shanty towns.

Armed Forces Modernization

Military Equipment. The United States is also helping Jordan modernize its armed forces, which have been the traditional mainstay of the regime. The Jordanian military forces, though well trained and disciplined, are outnumbered and outgunned by each of Jordan's neighboring forces. In 1996, under Section 572, P.L. 104-107 (the FY1996 Foreign Operations Appropriations Act), Congress approved a drawdown of \$100 million, mainly in ground force equipment from U.S. stocks (including 50 M60A3 tanks), to enhance Jordan's ability to maintain border security and implement terms of the peace treaty with Israel. Most of this equipment was delivered in December 1996. In addition, during 1996, the United States agreed to lease 16 refurbished F-16 fighter aircraft to Jordan at a cost of approximately \$220 million (most of which represents the cost of upgrading the aircraft), with title passing to Jordan after five years. Deliveries of the aircraft were completed in early 1998. The aircraft transfer was funded through a combination of foreign military financing (FMF) allocations to Jordan over a four-year period (\$150 million), plus \$70 million in additional FMF funds contained in the FY1996 omnibus continuing appropriations bill (P.L. 104-134). (For more information, see CRS Report 96-309, *Jordan: U.S. Military Assistance and Cooperation*.)

Further Requests. In his request for supplemental funding for Jordan and other Middle East countries in FY2001, President Clinton noted that the military assistance portion of the package would be used to upgrade armored personnel carriers, air defense radar, and other systems in Jordanian Armed Forces inventories. Jordanian Armed Forces leaders are hoping ultimately continue modernizing their tank fleet and to obtain three or four more

squadrons of F-16 fighters (70-80 planes), enabling them to replace older model French Mirage F-1 and U.S. F-5 fighters. Under a March 1999 agreement, Jordan is receiving a total of 288 Challenger-1 tanks (which mount a 120-mm gun) from Britain.

Military Cooperation. A U.S.-Jordanian Joint Military Commission has functioned since 1974. Combined training exercises by U.S. and Jordanian military units continue to take place in Jordan, at least on an annual basis and sometimes more often. These have included fairly large scale training activities involving special forces, air defense, communications, fighter aircraft, and other military units, together with an annual month-long exercise with U.S. Navy and Marine units called "Infinite Moonlight." In mid-1996, U.S. fighter aircraft deployed to Jordan to conduct combined training with Jordanian crews and to assist in enforcing a no-fly zone over southern Iraq imposed by the United States and its allies in 1992. (Jordanian pilots and aircraft did not actually participate in overflights of Iraq, and U.S. aircraft overflying Iraq approached indirectly through the airspace of a third country.) Jordan has been active in supporting peacekeeping operations, notably in East Timor, Sierra Leone, Kosovo, and, most recently, Afghanistan.

Under the provisions of Section 517 of the Foreign Assistance Act of 1961 as amended, President Clinton designated Jordan as a major non-NATO ally of the United States, effective on November 13, 1996. According to a State Department spokesman, this status "makes Jordan eligible for priority consideration for transfer of excess defense articles, the use of already appropriated military assistance funds for procurement through commercial leases, the stockpiling of U.S. military material, and the purchase of depleted uranium munitions."

Alternatives and Implications

In the aftermath of the Gulf war and the peace treaty with Israel, several alternative scenarios could develop in Jordan. The first would be continued movement toward democracy under the present regime. There is much evidence that the late King favored this course, and some speculate that his U.S. and British trained successor will do likewise. The political experience since the parliamentary elections of 1989 and 1993 has been generally positive, although the 1997 elections were marred by a boycott by much of the opposition. During his reign, King Hussein succeeded in opening the political system to a wide spectrum of Jordanian opinion while restraining extreme steps by the religious right or the nationalist left. Externally, Jordan has survived major diplomatic isolation and economic loss brought on by the Gulf crisis, and conditions have improved on both fronts. The process of normalizing relations with Israel and fluctuating relations with Iraq will continue to confront the King with sensitive decisions, in seeking to accommodate opposition groups within the Jordanian political system.

Under a second scenario, Jordan might return to a more restrictive political system. In addition to his commitment to fostering democracy, the late King was long dedicated to preserving the basic integrity and institutional character of the state that his grandfather built. On at least two occasions — when threatened by a radical nationalist coup d'état in 1957 and by a potential takeover of the country by armed Palestinian guerrillas in 1970 — the late King, backed by the armed forces, moved decisively to reestablish order at the expense of democratic experiments previously under way. It is arguable that the country's institutions

today are stronger, more durable, and more able to absorb political pressures than they were in 1957 or 1970 and that the current situation is far less threatening. On the other hand, the combination of domestic economic hardships, an uncertain peace process opposed by many Jordanians, and a strong and aggressive Islamist movement could create new challenges that the new King might feel compelled to preempt through returning to a more autocratic system of government.

A third scenario would involve a fundamental change in the character of the Jordanian state. This could come about in a number of ways: emergence of a strongly Islamist government that would exclude other groups from participation in national political life; a close alliance with a neighboring patron (Iraq or Syria) that would exert control over Jordanian policies; disappearance of the monarchy; or replacement of the present Jordanian state with a Palestinian entity. These developments, though not likely in the short term, could become more plausible if the country's governmental, economic, and military institutions should suffer serious erosion. Radical changes in the character or configuration of Jordan would be of concern to U.S. policy makers. Almost any successor to the Jordanian state as it is now constituted would present the United States and its allies with a less stable and more threatening regional environment.

Table 2. Annual U.S. Aid to Jordan since the Gulf Crisis
(\$ in millions)

Fiscal Year (FY)	Economic Assistance				Military Assistance		Totals
	EconSpt	Food	Devel	PeaceCp	FMF*	IMET**	
1991	35.0 ^a	0	0	0	20.0 ^a	1.3	56.30
1992	30.0 ^b	20.0	0	0	20.0 ^b	.6	70.60
1993 ^c	5.0	30.0	0	0	9.0	.5	44.50
1994 ^d	9.0	15.0	4.0	0	9.0	.8	37.80
1995	7.2	15.0	6.7	0	7.3	1.0	37.20
1996	7.2	21.0	7.9	0	200.0 ^e	1.2	237.30
1997 ^f	112.2	2.6	4.5	1.1	30.0	1.7	152.10
1998 ^f	150.0	0	0	1.2	75.0 ^g	1.6	227.80
1999	150.0	0	0	1.4	70.0 ^g	1.6	223.00
1999 (Wye)	50.0	0	0	0	50.0	0	100.00
2000	150.0	0	0	1.7	75.0	1.6	228.30
2000 (Wye)	50.0	0	0	0	150.0	0	200.00 ^h
2001	150.0	0	0	1.7	75.0	1.7	228.40
2002	150.0	0	0	1.4	75.0	1.8	228.20
2003 ⁱ	250.0	0	0	***	198.0	***	448.00

*Foreign Military Financing

**International Military Education and Training Program

***To be determined

- a. Suspended in April 1991 under P.L. 102-27; released in early 1993.
- b. Released in late July 1993.
- c. Restrictions on FY1993 funds waived by Presidential Determination (PD) 93-39, Sept. 17, 1993.
- d. FY1994 funds released by PD 94-11, Jan. 13, 1994, waiving restrictions under P.L. 103-87.
- e. Three components: \$30 million (Administration's original request); \$70 million in additional FMF under FY1996 appropriation (P.L. 104-134) to cover balance of F-16 aircraft package; and \$100 million in special drawdown authority (P.L. 104-107).
- f. These figures include \$100 million in economic assistance under the President's Middle East Peace and Stability Fund (\$100 million in FY1997, \$116 million in FY1998).
- g. For each of these two years, FMF figure includes \$25 million in drawdown authority.
- h. Some of these funds to be obligated in later years (FY2001 or 2002).
- i. Administration's request for FY2003.

Note: These figures do not include debt relief subsidy appropriations listed in Table 1 or small amounts for de-mining assistance. Nor do they include supplemental funding requested by the Clinton Administration in FY2001 (never acted upon by Congress) or supplemental funding requested by the Bush Administration in FY2002.

Issue Brief for Congress

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Saudi Arabia: Current Issues and U.S. Relations

Updated August 21, 2002

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Foreign Affairs, Defense, and Trade Division

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Saudi Arabia: Current Issues and U.S. Relations

SUMMARY

Saudi Arabia, a monarchy ruled by the Saudi dynasty, enjoys special importance in the international community because of its unique association with the Islamic religion and its oil wealth. Since the establishment of the modern Saudi kingdom in 1932, it has benefitted from a stable political system based on a smooth process of succession to the throne and an increasingly prosperous economy dominated by the oil sector. Decrees by King Fahd in March 1992 establishing an appointive consultative council and provincial councils and promulgating a basic law providing for certain citizens' rights could signal a gradual trend toward a more open political system.

Since late 1995, King Fahd has suffered increasingly from ill health, and Crown Prince Abdullah has assumed many routine governmental functions. The upsurge in oil prices that began in 1999 has relieved pressure on Saudi budgets but created concern in the U.S. Administration and Congress. In March 2000, Members of Congress introduced legislation to reduce or end U.S. assistance or arms sales to countries engaged in oil price fixing.

The United States and Saudi Arabia have long-standing economic and defense ties. A series of informal agreements, statements by successive U.S. administrations, and military deployments have demonstrated a strong U.S. security commitment to Saudi Arabia. Saudi Arabia was a key member of the allied coalition that expelled Iraqi forces from Kuwait in 1991, and over 5,000 U.S. troops remain in the country. Saudi Arabia continues to host U.S. aircraft enforcing the no-fly zone over

southern Iraq; however, Saudi Arabia has not offered the use of its territory for major air strikes against Iraq in response to Iraqi obstruction of U.N. weapons inspections in recent years. Bombing attacks against a U.S. operated training facility and a U.S. military apartment in 1995 and 1996, respectively, have raised some concerns about security of U.S. personnel and further security measures have been implemented. Saudi Arabia convicted and executed four Saudi nationals for carrying out the 1995 bombing. After extended investigations, on June 21, 2001, a U.S. federal grand jury indicted 14 members of Middle East terrorist organizations for the 1996 bombing. None is believed to be in U.S. custody. U.S. officials have cited Saudi support in the aftermath of the September 11, 2001 attacks, including intelligence sharing, law enforcement activities, and tracking of terrorist financing. Some commentators maintain that Saudi domestic and foreign policies have created a climate that may have contributed to terrorist acts by Islamic radicals. Saudi officials reject this viewpoint and maintain that they are working with the United States to combat terrorism.

Other principal issues of bilateral interest include the Saudi position on the Arab-Israeli conflict, security in the post-war Gulf region, arms transfers to Saudi Arabia, Saudi external aid programs, bilateral trade relationships, and Saudi policies involving human rights and democracy. In early 2002, Crown Prince Abdullah proposed a peace initiative based on Israeli withdrawal from occupied territories in return for normal relations between Arab states and Israel.

MOST RECENT DEVELOPMENTS

On August 6, 2002, an article in The Washington Post described a briefing given by an analyst from the Rand Corporation on June 10, 2002, to the Defense Policy Board, a high-level advisory group that advises the U.S. Defense Department on defense policy. According to the article and to other media, the briefer asserted among other things that "Saudi Arabia supports our enemies and attacks our allies" and that "the Saudis are active at every level of the terror chain, from planners to financiers." Secretary of Defense Donald Rumsfeld told reporters on August 6 that the briefing represented the analyst's own opinion and not the views of the U.S. government or of the Defense Policy Board. State Department spokesman Phil Reeker told reporters that these views "do not reflect the views of the President of the United States or of the U.S. Government." He added that Secretary of State Colin Powell made that clear in a telephone call to Saudi Foreign Minister Saud al-Faysal.

According to press reports in mid-August 2002, families of more than 600 victims of the September 11 attacks have filed a suit in the U.S. District Court of Alexandria, Virginia against three members of the Saudi royal family, seven Saudi banks, and Saudi eight charitable organizations. The lawsuit seeks approximately \$1 trillion in damages from these individuals or organizations for allegedly helping finance the Al Qaeda network. Saudi media and business spokesmen have described the suit as an attempt to extort Saudi money deposited in the United States and exert political pressures on Saudi Arabia. According to an article on August 21 in the (London) Financial Times, some sources have alleged that Saudi investors have withdrawn between \$100 billion and \$200 billion from their holdings in the United States in recent months, but other sources have expressed skepticism that a mass exodus of Saudi funds is under way.

BACKGROUND AND ANALYSIS

Current Issues

Oil and national security concerns have combined to produce a close and cooperative relationship between the United States and Saudi Arabia for much of the past century. Since the award of the first Saudi oil concession to a U.S. company in 1933, both states have had an increasing interest, respectively, in the marketing and acquisition of Saudi petroleum supplies. As regional threats multiplied in the latter half of the century, mutual concerns over the stability of Saudi Arabia and other moderate regimes in the Arabian Peninsula engendered a significant degree of defense cooperation. Saudi Arabia was a key member of the allied coalition that expelled Iraqi forces from Kuwait in 1991 and continues to host more than 5,000 U.S. military personnel, most of them from U.S. Air Force units that enforce the no-fly zone over southern Iraq (Operation Southern Watch). A range of issues, however, sometimes complicate U.S.-Saudi relations, as discussed below. Also, some commentators cite additional strains in bilateral relations since the September 11, 2001 attacks, but U.S. and Saudi officials continue to characterize ties between the two countries as excellent.

Reaction to September 11 Terrorist Attacks

Top Saudi leaders expressed condolences to the United States after the terrorist attacks of September 11, 2001, and offered assistance in tracking down the perpetrators. Crown Prince Abdullah, who is effectively running the country (see below), told President Bush that “[w]e in the kingdom of Saudi Arabia are fully prepared to cooperate with you in every way that may help identify and pursue the perpetrators of this criminal incident.” On September 25, Saudi Arabia severed relations with the Taliban leadership in Afghanistan. Earlier, in 1994, the Saudi government had revoked the citizenship of prime suspect Osama bin Laden. On November 27, presidential spokesman Ari Fleischer mentioned several examples of Saudi support to the

campaign against terrorism, including Saudi help in extending economic assistance to Pakistan, humanitarian relief to the people of Afghanistan, and intelligence sharing with the United States. At a donors’ conference in Tokyo on January 21, 2002, Saudi Arabia pledged \$220 million over a 3-year period to help rebuild Afghanistan after 23 years of war. Many commentators in the United States have emphasized that 15 of the 19 hijackers were Saudi nationals, and some maintain that Saudi domestic and foreign policies have created a climate that may have contributed to terrorist acts by Islamic radicals. Saudi officials reject this viewpoint and maintain that they are working with the United States to combat terrorism.

Saudi officials were non-committal about their willingness to allow allied use of bases in Saudi Arabia to launch strikes against targets in Afghanistan. At a press conference on September 26, Saudi Foreign Minister Prince Faysal told reporters that “Saudi Arabia will do what is within its capability” to support the coalition against terrorism but did not provide specifics. On October 3, Secretary of Defense Donald Rumsfeld told reporters that “[w]e are not going to be making requests of the Saudi Arabian government. We have a long-standing relationship with them.” Some speculate that Saudi leaders may have allowed the use of bases for logistical support of allied operations targeting Afghanistan but not as points of departure for combat missions. (See below regarding Saudi positions on strikes against Iraq.)

On June 18, 2002, Saudi officials announced that Saudi Arabia had arrested 13 suspected Al Qaeda members on charges of plotting attacks against “vital sites” in the kingdom. An unnamed “security source” said the 13 belonged to two Al Qaeda cells that were ordered by Al Qaeda officials to hit targets in Saudi Arabia including U.S. military facilities. On August 10, the Saudi Foreign Minister revealed that Iran had expelled 16 Al

Saudi Arabia in Brief

Population (July 2001): 22,757,092*
(includes 5,360,526 foreign residents)
Growth rate: 3.27%
Area: 1,945,000 sq. km. (750,965 sq.mi.)
(almost 3 times that of Texas)
Ethnic Groups: (native Saudis only)
Arab 90% Afro-Asian 10%
Religion: (native Saudis only)
Muslim 100% (Sunni 85-95%; Shi’ite 5-15%)
Literacy (1995):
63% (male 72%, female 50%)
GDP: \$168.8 billion (2000);
\$170.5 billion (2001)
External Public Debt: \$28.9 billion (2000)
Inflation: -1.2%, 1999; -1.0%, 2000; 0%, 2001

*Some estimates are 15-30% lower

Sources: IMF; U.S. Dept. of Commerce; CIA World Fact Book

Qaeda refugees who had earlier sought political asylum in Iran and transferred them to Saudi Arabia at the latter's request. According to the Saudi Foreign Minister, the 16 are being interrogated and, if charged with crimes, will be brought to trial.

Various observers have periodically expressed the view that Saudi Arabia could do more to curtail terrorist financing. President Bush's Executive Order 13224, which has blocked assets of over 200 individuals or organizations with ties to exiled terrorist leader Osama bin Laden or other terrorist groups, reportedly includes a Saudi businessman and a Saudi-based charitable organization. On December 11, 2001, the Saudi Embassy in Washington released a progress report enumerating steps taken by Saudi Arabia to combat money laundering and terrorist financing. Among these steps is a requirement for all Saudi banks to have anti-money laundering units to work with the Saudi Arabian Monetary Agency (SAMA) and with law enforcement agencies. On February 5, 2002, a Saudi official was quoted as saying that every charity in Saudi Arabia (reportedly 230) will be monitored. On the following day, news agencies reported that SAMA is monitoring 150 bank accounts associated with prominent Saudi businessmen to prevent the possible diversion of funds in these accounts to terrorist organizations.

During a visit to Saudi Arabia, U.S. Secretary of the Treasury Paul O'Neill told reporters on March 6 that "the government of Saudi Arabia has been very good in its cooperation with us" in seeking to uncover money laundering activities. On March 12, Secretary O'Neill announced a joint operation with Saudi authorities to cut off funding to several overseas subsidiaries of a large Muslim foundation known as al-Haramain. The subsidiaries, though not the parent organization itself, have allegedly been involved in terrorist activities in Bosnia, Somalia, and other locations. The parent organization reportedly has ties to senior levels of the Saudi government. U.S. State Department spokesman Philip Reeker told reporters on August 6, 2002, that the United States and Saudi Arabia have worked together on financial aspects of the war against terrorism and mentioned that there are mechanisms (presumably classified) through which the flow of funds to terrorists can be monitored. In an interview with ABC-TV on August 11, the Saudi Foreign Minister mentioned a joint U.S.-Saudi committee that deals with freezing assets of anyone who finances terror.

Lawsuits and Investments. According to press reports in mid-August 2002, families of more than 600 victims of the September 11 attacks have filed a suit in the U.S. District Court of Alexandria, Virginia against three members of the Saudi royal family, seven banks, and eight charitable organizations. The lawsuit, which also names Osama bin Laden, members of his family, and the government of the Sudan, seeks approximately \$1 trillion in damages from these individuals or organizations for allegedly helping finance the Al Qaeda network. According to excerpts reported in the press, the lawsuit states that "the financial resources and support network of these defendants – charities, banks and individual financiers – are what allowed the attacks of September 11, 2001 to occur." Saudi media and business spokesmen have described the suit as an attempt to extort Saudi money deposited in the United States and exert political pressures on Saudi Arabia; some have called for withdrawing Saudi investments in the United States, estimated by one media source at \$750 billion and another at between \$400 and \$600 billion. A London *Financial Times* article on August 21, 2002, quoted estimates that Saudi investors have withdrawn between \$100 billion and \$200 billion from the United States in recent months, but other sources quoted in the article expressed skepticism that a mass exodus of Saudi money is under way.

The July 2002 Briefing. On August 6, 2002, an article in *The Washington Post* described a briefing given by an analyst from the Rand Corporation on June 10, 2002, to the Defense Policy Board, a high-level advisory group that advises the U.S. Defense Department on defense policy. According to the article and to other media, the briefer asserted among other things that “Saudi Arabia supports our enemies and attacks our allies” and that “the Saudis are active at every level of the terror chain, from planners to financiers.” Secretary of Defense Donald Rumsfeld told reporters on August 6 that the briefing represented the analyst’s own opinion and went on to say: “It did not represent the views of the government, it didn’t represent the views of the Defense Policy Board.” State Department spokesman Phil Reeker told reporters that these views “do not reflect the views of the President of the United States or of the U.S. Government.” He added that Secretary of State Powell made that clear in a telephone call to Saudi Foreign Minister Saud al-Faysal. Saudi Crown Prince Abdullah’s foreign policy adviser described views expressed in the briefing as “pure fiction.” According to media reports, however, these views have gained some currency among various commentators with ties to Administration policy makers.

Security in the Gulf Region

Containment Policies toward Iraq. As noted above, Saudi Arabia hosts U.S. Air Force units that conduct overflights to enforce a no-fly zone over southern Iraq. Although they do not usually object to small scale U.S. responses to Iraqi aircraft or air defense units challenging allied aircraft conducting these overflights, Saudi authorities are opposed to large-scale allied military action against Iraqi targets. On several occasions, Saudi Minister of Defense Prince Sultan has said his country would not permit allied aircraft to launch preemptive or major retaliatory campaigns against Iraq from bases in Saudi Arabia. In the aftermath of the September 2001 terrorist attacks, Saudi authorities have expressed concern over any expansion of the U.S. campaign against terrorism to Iraq or Iran. In comments published on August 7, 2002, Saudi Foreign Minister Prince Saud bin Faysal reiterated this position, and said the Saudi government does not want allied forces “to use Saudi grounds” for any attack on Iraq.

U.S. Troop Presence. Some commentators suggest that the U.S. troop presence, which is unpopular among some Islamic fundamentalists both in the kingdom and elsewhere in the region, could undermine the stability of the Saudi regime. Others believe the U.S. presence is crucial to U.S. efforts to maintain security in the Gulf region. Both for reasons of security and host country sensitivities, U.S. military personnel are housed in remote compounds away from major population centers or Islamic holy places. Saudi Defense Minister Prince Sultan stated on April 10, 2000, that U.S. troops in Saudi Arabia “are within the frame of United Nations assignments and directions to continue the surveillance of southern Iraq, and also the border of Kuwait and Saudi Arabia, as well as the other GCC [Gulf Cooperation Council] countries.”

A *Washington Post* article on January 18, 2002, described Saudi leaders as increasingly uncomfortable with the U.S. military presence in their country and indicated that senior Saudis would like to devise “other forms of less conspicuous military cooperation” once the Afghan campaign is over. Earlier, on January 15, a Member of the U.S. Senate had reportedly expressed “unease about our presence in Saudi Arabia.” Officials of the Bush Administration and Saudi officials have denied that there has been any change in long-standing U.S.-Saudi defense relationships. In an interview carried by media on February 26,

when asked if “the U.S. military has worn out its welcome in Saudi Arabia”, Prince Abdullah replied that “[w]e don’t think about raising this issue at all. If and when the time comes, it will be discussed by both governments.” According to a senior Administration official, the subject of bases did not arise during the visit of Crown Prince Abdullah to President Bush on April 25, 2002.

A subsequent *Washington Post* article, on April 6, 2002, reported that the U.S. Defense Department has prepared plans to move a sophisticated military command center known as the “Coalition Air Operations Center” (CAOC) from Saudi Arabia to the neighboring state of Qatar, in an effort to reduce U.S. dependence on Saudi Arabia in supporting military operations in the region. Secretary of Defense Donald Rumsfeld did not confirm this report, telling reporters that “we’re constantly moving people from one place to another place.” Earlier, on March 26, the unified theater commander General Tommy Franks told reporters that “I have no plans to move the CAOC from its current location.” But he added that this would not preclude plans “to replicate it some place.”

Bombings of U.S. Military Facilities. Two attacks on U.S. military facilities in Saudi Arabia in the mid-1990s created concern in the United States over the security of U.S. military personnel stationed in Saudi Arabia and other U.S. service members stationed elsewhere in the Gulf. The first, which occurred on November 13, 1995, at the headquarters of a U.S. training program for the Saudi National Guard in the capital of Riyadh, killed seven persons (including five U.S. citizens). Several months later, Saudi authorities charged four Saudis with the crime. The four, who confessed to being influenced by Islamic fundamentalist exiles, were convicted and executed.

The second and more lethal explosion, which occurred at Khobar Towers (a housing facility for U.S. Air Force personnel near Dhahran Air Base) in June 1996, killed 19 U.S. Air Force personnel, wounded many others, and prompted the relocation of most U.S. military personnel to more remote sites in Saudi Arabia to improve security. Press reports allegedly based on Saudi investigations and reported statements by other suspects have suggested involvement by Iran, but Saudi officials have called these reports inaccurate. Earlier reports had suggested involvement by exiled Saudi terrorist Osama bin Ladin, who has praised the bombings in Saudi Arabia but has not claimed responsibility for them. On May 22, 1998, Saudi Minister of Interior Prince Nayif told reporters from Kuwait that the Riyadh and Khobar bombings “were carried out by Saudis with the support of others” (whom he did not identify). The Minister further stated in November that bin Ladin was not responsible for either the Riyadh or the Khobar bombings but acknowledged that individuals influenced by bin Ladin might have conducted the attacks.

In September 1999, media cited purported U.S. intelligence information that three Saudi men linked to the bombing had taken refuge in Iran. On October 2, 1999, Iran’s foreign minister rebuffed an alleged request from President Clinton to Iranian President Khatemi for Iranian assistance in resolving the case. Asked on March 12, 2000, if any suspects in the Khobar case were currently in Iran, Prince Nayif told reporters that “we cannot hold anyone responsible until the facts become clear to us.” Later, on October 30, 2000, he commented that “[t]he main suspects are not in Saudi Arabia” and added that “[w]e are making efforts for their return to the kingdom.” There have been numerous reports, denied by both the U.S. and Saudi governments, that both governments fear that a finding of Iranian involvement could complicate relations with Iran or force U.S. retaliation against Iran.

On June 21, 2001, U.S. Attorney General John Ashcroft announced that a federal grand jury had indicted 14 individuals in connection with the Khobar Towers bombing. According to the Justice Department, 13 of those indicted belong to the pro-Iranian Saudi Hizballah organization and the 14th is linked to the Lebanese Hizballah organization. (Saudi Hizballah appears to be a chapter of the parent Hizballah organization in Lebanon.) According to the press, none of the persons indicted is in U.S. custody at this time; 11 of them are in Saudi jails. Although no Iranian is named or charged in the indictment, Ashcroft said “[t]he indictment explains that elements of the Iranian government inspired, supported and supervised members of Saudi Hizballah [variant spelling]. In particular, the indictment alleges that the charged defendants reported their surveillance activities to Iranian officials and were supported and directed in those activities by Iranian officials.” Ashcroft said the investigation is continuing and additional charges will be brought, as appropriate.

During the investigation, U.S. law enforcement officials criticized Saudi counterparts for not providing U.S. investigators with access to suspects in the Khobar bombing. According to a May 14, 2001 article in *The New Yorker* and other media reports, starting in late 1998, Saudi officials began allowing FBI agents to watch behind a one-way mirror as Saudi interrogators posed questions provided by the FBI to suspects and witnesses. In a phone call on June 21, 2001—the day the indictments were announced—President Bush thanked Saudi Crown Prince Abdullah for Saudi cooperation in the investigation. The FBI Director also expressed his appreciation, along with his hopes that the suspects would be brought to justice in the United States. In an interview published on June 23, however, Saudi Interior Minister Prince Nayif appeared to rule out extradition of the suspects to the United States, stating that “[t]he trials must take place before Saudi judicial authorities....” He added that “[n]o other entity has the right to try or investigate any crimes occurring on Saudi lands.”

On June 1, 2002, Saudi Deputy Minister of the Interior Prince Ahmad said an unspecified number of people previously arrested by Saudi Arabia in connection with the Khobar bombing had been sentenced by an Islamic court. In a follow-up announcement on June 13, the Prince said those convicted “do not include any non-Saudi nationals” and added that the verdicts would be reviewed by higher courts and announced “at the appropriate time.”

Arab-Israeli Conflict

Saudi Arabia supports Palestinian aspirations and strongly endorses Muslim claims in the old city of Jerusalem. It has supported Israeli-Palestinian peace agreements, and joined with neighboring Gulf states in 1994 in terminating enforcement of the so-called secondary and tertiary (indirect) boycotts of Israel while retaining the primary (direct) boycott. Saudi leaders have been increasingly critical of Israel since the Palestinian uprising began in September 2000. According to a *New York Times* article of May 17, 2001, Crown Prince Abdullah declined an invitation to visit the United States in June 2001, to indicate displeasure over what Saudis regard as insufficient U.S. efforts to restrain Israeli military actions against Palestinians. However, the Crown Prince did accept a subsequent invitation to visit President Bush in Texas in April 2002 (see below).

Saudi Arabia, like other Arab states, recognizes the Palestine Liberation Organization (PLO) as the legitimate representative of the Palestinian people and provides some financial support to Palestinian institutions. At an Arab League meeting on October 22, 2000, Crown Prince Abdullah took the lead in creating a \$1 billion fund: \$800 million to help preserve

the “Arab and Islamic identity of Jerusalem” and \$200 million to help families of Palestinians killed in the current unrest. Saudi Arabia reportedly pledged a total of \$250 million to these two funds, and provided an additional \$30 million to the Palestinian Authority (PA) on November 5 as a separate donation. At an informal international donors’ conference at Stockholm on April 11, 2001, Saudi Arabia pledged \$225 million in direct monetary support to the PA over a 6-month period to cover emergency expenses. PLO/PA Chairman Yasir Arafat received a \$45 million grant during a visit to Saudi Arabia on July 23, 2001, but it is not clear whether this represented part of the \$225 million grant pledged by Saudi Arabia in April.

There have been unsubstantiated reports of Saudi assistance to the PLO’s rival organization, the fundamentalist Hamas, particularly after the Saudi-PLO rift that occurred after the PLO supported Iraq in 1990. In its report entitled *Patters of Global Terrorism*, 2001, the State Department noted that Hamas receives funding from “private benefactors in Saudi Arabia” and some other countries but does not estimate amounts involved. Saudi Arabia has provided aid (variously estimated at \$33 million and \$59 million) to families of Palestinians killed or injured in the 17-month-old Palestinian uprising; in addition, Saudis raised additional funds (over \$100 million according to one report) for this purpose at a telethon sponsored by King Fahd on April 11, 2002. Saudi officials told U.S. counterparts in late April that proceeds of the telethon are funneled through non-governmental organizations to provide some humanitarian support to needy Palestinian families; the Saudis drew a distinction between their fund raising activities and those of Iraq, which pays families who will sacrifice their children as suicide bombers. In early May, Israel officials, citing captured Palestinian documents, said the Saudi Government has given money to 13 charities, seven of which provide support to Hamas. The Saudi Ambassador denied this report.

Crown Prince Abdullah’s Peace Initiative. On February 17, 2002, *New York Times* columnist Thomas Friedman reported an off-the-record conversation with Crown Prince Abdullah. According to Friedman, the Crown Prince said he had prepared a draft speech calling for full Israeli withdrawal from Israeli occupied territories in return for full normalization of relations between Arab states and Israel. The Crown Prince added that he had planned to give the speech before an Arab summit conference at the end of March but had delayed doing so after what he regarded as Israeli Prime Minister Ariel Sharon’s resorting to increased oppression in the Palestinian territories. However, Prince Abdullah’s office did authorize Friedman to put the prince’s comments on the record. Abdullah did not provide details of his proposal, and some commentators believe the prince’s comments represent nothing new over and above long-standing Arab land-for-peace proposals. Other commentators believe that such comments from an Arab leader of Abdullah’s stature carry special weight and could portend a breakthrough in Arab-Israeli peace negotiations.

Crown Prince Abdullah’s proposal was the centerpiece of the Arab League summit conference held on March 27-28, 2002, and an expanded version of his proposal was included in a resolution adopted at the conference. The proposal, as agreed upon by the attendees, called among other things for Israeli withdrawal from territories it had occupied since 1967, a “just solution to the problem of Palestinian refugees,” and establishment of normal relations between Arab states and Israel. The Saudi-initiated peace proposal was also a major topic of discussion during Crown Prince Abdullah’s visit to President Bush at the latter’s ranch in Texas on April 25. A senior Administration official told reporters that “[t]he President congratulated him [Abdullah] again on his statesmanship in putting the

[initiative] forward.” According to White House spokesman Ari Fleischer, there are areas of disagreement between U.S. and Saudi peace plans but significant areas of overlap as well.

Saudi officials found “positive factors” in President Bush’s speech of June 24 but expressed concern over his statements conditioning a Palestinian state on the installation of a new Palestinian leadership. A statement by the Saudi cabinet on July 1 alluded to “the positive elements of the Bush initiative,” but on the same day Crown Prince Abdullah was quoted as telling the visiting Spanish Defense Minister that the Palestinian people “alone have the right to choose their leadership.”

Arms Transfers to Saudi Arabia

U.S. Arms Sales. The United States is currently Saudi Arabia’s leading arms supplier. Total value of arms agreements with Saudi Arabia from 1950 through March 31, 1997, was \$93.8 billion, while arms agreements with Saudi Arabia from 1991 through 1998 amounted to \$22.8 billion. The upsurge in Saudi arms purchases from the United States after 1990 was due in large measure to the Persian Gulf crisis and its aftermath. The largest recent sale was a \$9 billion contract for 72 F-15S advanced fighter aircraft, signed in May 1993. As **Table 1** shows, approximately 21% of the value of U.S.-Saudi arms contracts from 1950 to 1997 were for lethal equipment (i.e., weapons, ammunition, and combat vehicles, aircraft, and ships); the largest portion (32%) went for support services (repair, rehabilitation, supply operations, and training). Another major component of the Saudi program has been construction of military bases and facilities, accounting for 19%, although most military infrastructure projects were completed by 1990.

A downward trend has marked Saudi arms procurement since the mid-1990s as Saudi Arabia completed many of its post-Gulf War purchases and the country faced straitened finances. Since the late 1990s there have been occasional reports of Saudi interest in renovating further their model combat aircraft fleet, but no significant deals have emerged. On May 7, 2001, the Saudi Assistant Minister of Defense described his country’s priority as sustaining existing weapon systems rather than large-scale procurement of new weaponry, despite mounting oil revenues. He ruled out additional F-15 fighters aircraft to replace aging F-5s this year as well as tank modernization. Reports in April 2001, however, indicated continued Saudi interest in more and newer F-15s or possibly F-16 or F-22 fighter aircraft (both made by Lockheed Martin Corporation in Bethesda, Maryland.)

On September 8, 2000, the U.S. Defense Department announced that Saudi Arabia has asked to buy three arms packages from the United States: (1) \$416 million in light armored vehicles, anti-tank missiles, and advanced communications equipment for the paramilitary Saudi National Guard; (2) \$690 million in contractor training and maintenance support for Saudi Arabia’s fleet of F-15 fighter aircraft; and (3) \$1.6 billion in flight simulators, repair parts, and other technical services for the F-15 aircraft. The prime contractors for the first package would be the Diesel Division of General Motors of London, Ontario, and Raytheon Corporation of Tucson, Arizona. The prime contractor for the second package would be al-Salam Aircraft Company of Saudi Arabia, which is 50% owned by Boeing Co. The prime contractor for the third package has not yet been determined.

Table 1. U.S. Arms Transfers to Saudi Arabia, 1950-1997

Category	Orders		Deliveries	
	\$ in Billions	% of Total Orders	\$ in Billions	% of Total Deliveries
Weapons & Ammunition	19.893	21.2	9.092	15.6
Support Equipment	16.614	17.7	9.815	16.8
Spare Parts & Modifications	9.778	10.4	5.259	9.0
Supply, Repair, Training	29.615	31.6	17.804	30.6
Construction	17.924	19.1	16.197	27.8
TOTALS	93.824	—	58.167	—

Note: All figures are current through March 31, 1997.

Successive U.S. Administrations have entered into military sales agreements with Saudi Arabia because of its prestige in the Arab world, its importance as a major source of oil, and its vulnerability to threats from neighboring states supported in the past by the Soviet Union. Heightened threats from Iran in the late 1980s and subsequently from Iraq provided rationale for an expansion of the arms supply relationship, and some observers believe further sales are needed to redress a continuing gap between Saudi weapons inventories and those of potential adversaries. Also, the Saudi arms market has helped maintain the U.S. industrial base and create jobs.

Some critics doubt that Saudi forces can absorb large quantities of advanced military hardware and voice concerns that such equipment could fall into the wrong hands in the event of external invasion or a radical change in the Saudi regime. Many are concerned that arms being sold to Saudi Arabia might be used one day against Israel. Others doubt that Israel is seriously threatened by Saudi Arabia, but oppose sales to Arab countries technically at war with Israel and fear that enhancement of Saudi air and missile capabilities could increase the costs to Israel of a future conflict. Another concern is that continuing arms sales to Saudi Arabia undermine efforts to restrain the flow of advanced weaponry to an already heavily armed Middle East.

Trade Relationships

Saudi Arabia was the largest U.S. trading partner in the Middle East in 2000. For that year, Saudi exports to the United States were estimated at \$14.3 billion and imports from the United States at \$5.9 billion. Comparable figures for Israel, the second largest U.S. trading partner in the Middle East, were \$12.9 billion in exports and \$6.2 billion in imports. To a considerable extent, this high volume of trade is a result of U.S. oil imports from Saudi Arabia and U.S. arms exports to that country. The Saudis buy significant amounts of U.S. commercial equipment as well. Also, a *Washington Post* article of February 11, 2002, estimates that Saudi nationals have invested between \$500 and \$700 billion in the U.S. economy.

Saudi Arabia has applied to join the 128-member World Trade Organization (WTO) as a developing country, an arrangement that would give it a special transition period to bring its commercial procedures in line with WTO rules. The U.S. State Department notes that accession will require the Saudi government to initiate substantial reforms, including tariff reduction, opening up financial services (insurance and banking), allowing competition in telecommunications and other services, and better protection of intellectual property rights. In recognition of its progress in protection of intellectual property rights, Saudi Arabia was removed from the U.S. Trade Representative's Priority Watch List in 1996, but remains on the basic Watch List pending further progress. The U.S. Trade Representative reportedly has also cited Saudi observance of the secondary boycott against Israel as an obstacle to admission to the WTO. In March 2001, WTO officials reportedly expressed disappointment over a recent list issued by the Saudi government of activities off limits to foreign investment (see below) and predicted that these restrictions could delay Saudi accession to the WTO. During Crown Prince Abdullah's April 2002 visit, however, President Bush expressed support for Saudi accession and said the United States is making technical assistance available to Saudi Arabia to support the Saudi application.

Problems in Commercial Transactions. Complaints have arisen within the U.S. business community over commercial disputes that have resulted in hardships for U.S. companies doing business in Saudi Arabia and for their employees. These disputes center on allegations by U.S. firms that Saudi clients have not paid for services rendered or have sought to expand terms of a contract without further reimbursement, and in some cases have taken reprisals against U.S. employees of the firms involved. (For further information, see CRS Report 95-666, *Saudi Arabia: Commercial Disputes With U.S. Firms.*)

Oil Production. With the world's largest proven oil reserves (estimated at 261.7 billion barrels in January 2001), Saudi Arabia produced an average of 9.145 million barrels per day (bpd) of crude oil during 2000. Approximately 14% of U.S. oil imports and 8.46% of total U.S. oil consumption came from Saudi Arabia during 2001. Formerly the largest foreign supplier of oil to the United States, Saudi Arabia has been exceeded in this role by Venezuela and/or Canada during recent years (see **Table 2**). In recent years, Saudi Arabia has alternately supported cuts and increases in production as oil prices on the international market have fluctuated. Under a "gentlemen's agreement" reached in June 2000, members of the Organization of Petroleum Exporting Countries (OPEC) established a mechanism to adjust the supply of oil by 500,000 bpd if the 20-day average price of oil moved outside a \$22 to \$28 price band. Members disagree, however, as to whether this mechanism is automatic or requires separate action by OPEC to implement, and Saudi Arabia has spoken of a target price of \$25 rather than a price band. Congress has enacted legislation to discourage price fixing by oil producing countries (see below). With regard to Iraq's call in April 2002 for a halt in oil production to protest Israeli actions toward Palestinians, a senior Administration official told reporters after the visit of Saudi Crown Prince Abdullah that Saudi officials assured their U.S. hosts that oil would not be used as a weapon. In May, the Saudi Oil Minister added that "Saudi Arabia is keen to maintain stability in the international oil market ..."

Table 2. Oil Consumption and Imports
(in millions of barrels per day)

Category	1998	1999	2000	2001
Total U.S. Consumption	18.917	19.519	19.701	19.649
Total U.S. Imports	10.708	10.852	11.459	11.871
Imports from Saudi Arabia	1.491	1.478	1.572	1.662
Imports from Venezuela	1.719	1.493	1.546	1.553
Imports from Canada	1.598	1.539	1.807	1.828

Source: DOE.

Foreign Investment. Saudi leaders have shown increasing interest in attracting foreign investment in their energy sector, although projects in upstream oil apparently remain off limits. On April 10, 2000, King Fahd approved a new foreign investment law which allows international investors to have full ownership of projects and related property in Saudi Arabia, reduces taxes from 45% to 30% on corporate profits, and restructures (but apparently does not abolish) requirements for foreign businessmen to have a Saudi sponsor. On February 11, 2001, the Saudi Supreme Economic Council issued a so-called “negative list” of those investment activities that remain off limits to foreign investment. In general, the list covers oil exploration and production, some manufacturing activities, radio and telecommunications, transport, electricity transmission and distribution, and a range of services including tourism, publishing, real estate brokerage, and insurance. According to news reports in March 2001, international trade officials expressed disappointment over the length and scope of the list. The list will be reviewed annually, however, and some observers have speculated that it will be shortened as the country adjusts to an expansion in foreign investment. In a later development, according to a news report in April 2002, Saudi officials are considering a draft law that would tax the earnings of expatriate employees in Saudi Arabia for the first time since the 1970s, in addition to the annual corporate taxes already levied on foreign firms operating in Saudi Arabia.

On June 3, 2001, Saudi Arabia signed preliminary agreements worth approximately \$25 billion with eight international oil companies to develop three natural gas fields, together with related power plants, transmission pipelines, and water desalinization projects. Five of these companies are U.S.-based, including Exxon Mobil Corporation, Conoco, Phillips Petroleum Company, Occidental Petroleum Corporation, and Marathon. Exxon Mobil is the lead manager for two of the three gas field projects. Conclusion of final agreements, originally set for mid-December, has been delayed, as Saudi and company negotiators continue trying to resolve several issues including taxes, rate of return on investments, and size of the gas reserves being offered. On May 17, 2002, according to a press report, “a source close to the talks” predicted that the Saudis would re-open the projects for new bids if final agreements are not reached with the above-mentioned companies “within the next couple of months or so.” The source emphasized, however, that the Saudi Government wants the current negotiations to succeed and denied that political considerations (such as Israeli-Palestinian fighting) play any role in Saudi decisions on this matter.

Human Rights, Democracy, and Other Issues

Of particular concern to Westerners are pervasive restrictions on women's activities and an injunction against the practice of other religions throughout the Kingdom. This injunction has been applied not only against non-Islamic faiths but also at times against the Shi'ite Muslim community in Saudi Arabia, estimated at 500,000 or more persons mainly in the Eastern Province. Since 1990, the Saudi government has moved quietly to ease some restrictions on Shi'ites. Also, according to the State Department, high-level Saudi officials have said that Saudi policy allows for private non-Muslim worship, for example, in private homes or secluded compounds. On April 6, 2000, responding to criticisms by the London-based Amnesty International, a Saudi Under Secretary in the Foreign Ministry maintained that "non-Muslims enjoy full freedom to engage in their religious observances in private." Earlier, in April 1999, Crown Prince Abdullah told a local audience: "Taking into account the teachings of Islam, we will do our best to enable Saudi women to continue to contribute."

Political reforms promulgated by King Fahd appear to represent a limited move toward democracy and protection of individual freedoms. The "main law" announced by the King on March 1, 1992, bans arbitrary arrest, harassment, or entry of individual homes without legal authority and specifies privacy in telephone calls and mail. On August 20, 1993, the King appointed a 60-member consultative council (increased to 90 in 1997 and to 120 in 2001), with limited powers to question cabinet members and propose laws. On the other hand, King Fahd has said that free elections are not suitable for his country; he stated on March 30, 1992 that elections "do not fall within the sphere of the Muslim religion, which believes in the al-shura (consultative) system and openness between ruler and his subjects and which makes whoever is in charge fully answerable to his people."

Background to U.S.-Saudi Relations

Political Development

Saudi Leadership. As the birthplace of the Islamic religion in 622 A.D. and as the home of Islam's two holiest shrines, the Arabian Peninsula has always occupied a position of special prestige within the Middle East. With the establishment of Arab empires based in Damascus and Baghdad, the peninsula gradually lost its political importance and sank into disunity. In the 16th century, much of the Arabian Peninsula came under the nominal rule of the Ottoman Empire; however, tribal leaders effectively controlled most of the region. During this period, an alliance developed between an influential eastern tribe, the House of Saud, and the leaders of a puritanical and reformist Islamic group known as the Wahhabi movement. During the first quarter of the 20th century, a chieftain of the Saud family, Abd al-Aziz ibn Abd al-Rahman (later known as Ibn Saud) overcame numerous rivals with the support of his Wahhabi allies and succeeded in unifying most of the Arabian Peninsula under his rule. Four sons have succeeded him.

Royal Succession. King Fahd, the current ruler and a dynamic leader for many years, is approximately 80 years old and suffers from medical problems including diabetes and arthritis. In early 1996, King Fahd temporarily turned over affairs of state to his half-brother, Crown Prince Abdullah, for a six-week period while the King recuperated from a stroke. More recently, amid conflicting reports about the King's condition, Crown Prince

Abdullah has increasingly carried out many governmental functions since 1996, together with other senior princes of the royal family. Another key figure is Defense Minister Prince Sultan, a full brother of King Fahd, who is generally considered next in line of succession after Prince Abdullah. (King Fahd, Prince Abdullah, and Prince Sultan also hold the positions of Prime Minister, First Deputy Prime Minister, and Second Deputy Prime Minister, respectively.) A press report in August 2002 indicates that King Fahd's health has been deteriorating.

Most commentators believe the royal family would back Crown Prince Abdullah in a smooth transfer of power if King Fahd should pass from the scene. Various sources describe Prince Abdullah as more traditional and less western in outlook than King Fahd and more oriented toward the Arab world. On balance, the Crown Prince seems likely to maintain Saudi Arabia's long-standing strategic and economic ties with the United States. U.S. officials commented that President Bush and Crown Prince Abdullah established a very good personal rapport during the latter's visit in April 2002. Some speculate, however, that succession could become more intricate after Abdullah (who is only two years younger than Fahd but believed to be in better health) and fear that future intra-family rivalries could weaken the Saud dynasty over the long term. Possible future candidates include some 25 brothers and half-brothers of King Fahd and a number of sons and nephews. In June 2000, Saudi Arabia formed a council consisting of 18 senior princes representing leading branches of the royal family, chaired by Crown Prince Abdullah with Prince Sultan as deputy chairman. An observer speculated that its role seems to be to organize family matters, provide a family forum, and deal with other family issues.

Economy and Aid

Economic Conditions. Oil is the dominant factor in the Saudi economy, accounting for 35-40% of GDP, 75% of budget receipts, and 90-95% of export earnings as of April 2000; even more of the GDP is derived indirectly from the oil industry. Despite immense oil revenue, a combination of fluctuating oil prices, domestic welfare spending, and military spending have caused periodic budget deficits (see **Table 3**). For example, the 1990-1991 Gulf war cost Saudi Arabia approximately \$55 billion (including \$16.9 billion contributed to the United States to help defray expenses). Although the government was able to retire its external debt in May 1995, it had to borrow \$4.3 billion again from external sources in December 1997 to finance purchase of aircraft. Since 1994 the government has instituted various austerity measures to deal with shrinking revenue.

Aid Relationships. As Saudi oil income expanded, U.S. economic aid ended in 1959. Small amounts of aid continued through 1975, limited to a small international military education and training (IMET) program after 1968. Total U.S. aid to Saudi Arabia from 1946 through its termination in 1975 amounted to \$328.4 million, of which \$295.8 million was military and \$32.6 million was economic assistance. Approximately 20% of total aid was in the form of grants and 80% in loans, all of which have been repaid. A small IMET program of \$25,000 per year to help defray some expenses of sending Saudi officers to U.S. military service schools was resumed in FY2002, and the same amount was requested by the Administration for Saudi Arabia in FY2003. Saudi officials also cite their country's role as a donor of aid to less affluent countries; according to a Saudi diplomat, the Saudi government extended \$820.3 million worth of aid to developing countries in 2001.

Table 3. Saudi Budget Figures

(In billions of U.S. dollars, at exchange rate of \$1.00=S.R. 3.75)

Category	1999		2000		2001		2002
	Budget	Actual	Budget	Actual	Budget	Est.	Budget
Expenditure	44.0	48.3	49.3	54.1	57.3	68.0	53.9
Revenue	32.3	39.2	41.9	66.1	57.3	61.3	41.9
Balance	-11.7	-9.1	-7.5	12.0	0	-6.7	-12.0

Source: Saudi Ministry of Finance; Saudi government announcements; press estimates.

Defense and Security

The United States and Saudi Arabia are not linked by a formal defense treaty; however, a series of informal agreements, statements by successive U.S. Administrations, and military deployments have demonstrated a strong U.S. security commitment to Saudi Arabia. (For statements by previous administrations, see CRS Report 94-78, *Saudi Arabia: U.S. Defense and Security Commitments*, February 3, 1994.) Saudi forces acquired experience during the Gulf war and are undergoing further upgrading through a large-scale program of arms procurement (see below), both Saudi Arabia and its five smaller Gulf neighbors remain vulnerable to future external aggression. On one hand, both the Iranian and Iraqi armed forces suffered major personnel and equipment losses during the 1980-1988 Iran-Iraq war and Operation Desert Storm, respectively, and neither is in a position to offer an immediate threat to the Gulf Cooperation Council (GCC). On the other hand, as shown in **Table 4**, the combined forces of Saudi Arabia and its GCC allies are outnumbered in important categories by those of Iraq and Iran, even after the losses sustained by both countries in recent wars.

Congressional Interest in Saudi Arabia

In early 2000, the precipitate rise in international oil prices prompted several legislative initiatives designed to restrain oil price increases, as mentioned above. On March 22, 2000, by a vote of 382 to 38 (with one present and 30 abstentions, Roll Call 65), the House passed H.R. 3822, which requires the President, *inter alia*, to determine which oil producing nations are engaged in oil price fixing to the detriment of the U.S. economy, submit reports to Congress, and “take the necessary steps to begin negotiations to achieve multilateral action to reduce, suspend, or terminate bilateral assistance and arms exports to major net oil exporters engaged in oil price fixing as part of a concerted diplomatic campaign with other major net oil importers...” In the 107th Congress, H.R. 334, the Persian Gulf Security Cost Sharing Act, introduced on January 31, 2001, would direct the President to seek further contributions from Saudi Arabia and other Persian Gulf states to defray the costs of U.S. military deployments in the region.

Arms Sales

Congress has been particularly sensitive to the argument that enhancing Saudi arms inventories could result in an incremental increase in overall threats to Israel, although some Members have supported such sales on the grounds that they help buttress Saudi defense capabilities in the Gulf and enhance the U.S. job market. Since the mid-1970s, several major arms sales to Saudi Arabia have been challenged in Congress: F-15 fighter aircraft in 1978; Airborne Warning and Control System (AWACS) aircraft, advanced tanker aircraft, and advanced Sidewinder air-to-air missiles in 1981; and a large package of air-to-air, surface-to-air, and air-to-sea missiles in 1986. All of these sales ultimately were allowed to proceed, and several larger sales followed before and during the Persian Gulf crisis, without significant congressional opposition. The Bush Administration's proposal in September 1992 to sell 72 improved F-15XP fighters to Saudi Arabia met some opposition, but resolutions to block or postpone the sale never came to a vote.

Arab Boycott

Members of Congress frequently have decried Saudi participation in the Arab boycott because of its impact on Israel and on U.S. businesses. Some have called for linkage between U.S. arms sales to Saudi Arabia and Saudi renunciation of the boycott. Part C of the Foreign Relations Authorization Act for FY1994-1995 (P.L. 103-236, April 30, 1994), known as the Anti-Economic Discrimination Act, under a provision that took effect on April 30, 1995, bars the sale or lease of U.S. defense articles or services to any country that sends letters to U.S. firms requesting compliance with, or soliciting information regarding compliance with, the Arab League primary or secondary boycott of Israel. This provision permits a presidential waiver on national security grounds; then President Clinton exercised waiver authority for Saudi Arabia and several other Arab states in Presidential Determination (PD) 95-20, May 1, 1995, and again in PD 96-23, April 30, 1996. On April 24, 1997, the President delegated waiver authority under this act to the Secretary of State.

Trade Practices

In the 105th Congress, Section 2801 in Division G of the Consolidated and Emergency Supplemental Appropriations Act, 1999 (P.L. 105-277, October 21, 1998, 112 Stat. 2681-845) required reports every 120 days by the Secretary of State, in coordination with the Secretaries of Defense and Commerce, on actions taken by the three departments to resolve commercial disputes between U.S. firms and Saudi Arabia as listed in a June 1993 letter from the Secretaries of Defense and Commerce. In the 106th Congress, this requirement was retained in Section 209 of the Foreign Relations Authorization Act for FY2000-2001 (H.R. 3427, passed by reference in H.R. 3194, the Consolidated Appropriations Act for FY2000, P.L. 106-113, November 29, 1999). Currently, this provision appears in Section 201 of H.R. 1646, the Foreign Relations Authorization bill for FY2002-2003, which was passed by the House on May 16, 2001, by 352 to 73, Roll no. 121.

Table 4. Selected Middle East Armed Forces

Country	Force Size	Main Battle Tanks	Combat Aircraft	Surf. Surf. Msls ^a	Chem Warf. Cap	Nucl. Cap. ^b
Iran	513,000	1,565	283	S	X	D
Iraq ^c	424,000	2,200	316	S	X	D
Saudi Arabia ^d	201,500	910	348	I	—	—
Yemen ^e	54,000	860	71	S	—	—
U. A. E.	65,000	411	101	—	—	—
Oman	43,400	117	40	—	—	—
Kuwait	15,500	293	82	—	—	—
Bahrain	11,000	106	34	—	—	—
Qatar	12,330	35	18	—	—	—

^a S = short-range (70-1,000 km); M = medium-range (1,001-3,000 km); I = intermediate-range (3,001-5,000 km).

^b D = reportedly under development (now or in the past).

^c Figures represent estimates of Iraqi forces and equipment after Operation Desert Storm. Some older tanks are believed unserviceable. The aircraft total does not include combat aircraft impounded in Iran.

^d Force total includes active members of the Saudi Arabian National Guard (estimated at 57,000). Tank total does not include an estimated 145 French-manufactured AMX-30 tanks in storage.

^e Force total includes conscripts (estimated at 25,000). Tank total does not include 50 obsolescent Soviet-manufactured T-34 tanks. Aircraft total does not include 40 in storage.

Source: The International Institute for Strategic Studies, *The Military Balance*, 2001-2002.

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The Persian Gulf: Issues for U.S. Policy, 2002

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The Persian Gulf: Issues for U.S. Policy, 2002

Summary

The September 11, 2001 terrorist attacks in the United States have expanded the security challenges facing the United States in the Persian Gulf region, although no major confrontations or crises have occurred in the Gulf since 1998. Since U.N. weapons inspectors left Iraq in December 1998, the United States has feared Iraq might reconstitute its banned weapons of mass destruction (WMD) programs. In the aftermath of September 11, the Bush Administration has expressed particular concern that Iraq might join forces with Islamic terrorist groups such as Al Qaeda or with other anti-U.S. groups, and might provide these groups with WMD expertise or technology.

Iran's tacit cooperation with the United States against the Taliban regime in Afghanistan after September 11 had appeared to forecast an improvement in U.S.-Iran relations. However, the expected improvement did not materialize because of Iran's stepped up support to Palestinian and other groups that are using violence against Israel. There is substantial U.S. concern about Iran's WMD programs and the potential for Iran to transfer that technology or materiel to the terrorist groups it supports, although Iran has not been politically close to Al Qaeda. The lack of tangible moderation in Iran's policies has led U.S. officials to lose hope that engaging Iran's President Mohammad Khatemi would be productive.

The September 11 attacks have shaken U.S. relations with some of the Gulf states, particularly Saudi Arabia; those relations previously had been on relatively sound footing. Fifteen of the nineteen September 11 hijackers were of Saudi origin, as is Al Qaeda leader Osama bin Laden himself. Some of the funding for the September 11 attacks apparently was transferred from financial institutions in the United Arab Emirates, and several Islamic charities operating in the Gulf and the broader Islamic world have been accused of providing funds to Al Qaeda and other terrorist movements. However, the Gulf states, despite public sentiment that sympathizes with some aspects of Al Qaeda's anti-U.S. views, have been supportive of the U.S. military effort against the Taliban and Al Qaeda. Several of them have allowed U.S. combat missions to be launched from their territory. The Bush Administration has credited the Gulf states with helping shut down some of the financial networks used by Al Qaeda.

The United States is applauding and encouraging political reform initiatives by some of the Gulf states that it hopes will encourage greater support for U.S. and Western values over the longer term. At the same time, greater political openness in the Gulf has made Gulf governments more aware of popular sympathy for the Palestinians in the context of ongoing Israeli-Palestinian violence. That sentiment could complicate future defense cooperation between the United States and the Gulf states and has already contributed to Gulf state opposition to possible large scale U.S. military action against Iraq.

This report will be updated, as warranted.

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The Persian Gulf: Issues for U.S. Policy, 2002

The Persian Gulf region, rich in oil and gas resources but with a history of armed conflict that has necessitated occasional U.S. military action, remains crucial to United States interests. This report, which will be revised periodically, discusses U.S. efforts to manage both longstanding Gulf security interests as well the new challenges highlighted by the September 11 attacks on the United States. The report is derived from a wide range of sources, including press reports, unclassified U.S. government documents, U.N. documents, observations by the author during visits to the Gulf, and conversations with U.S., European, Iranian, and Gulf state officials, journalists and academics. For further reading, see CRS Issue Brief IB92117, *Iraqi Compliance With Ceasefire Agreements*; CRS Issue Brief IB94049, *Iraq-U.S. Confrontations*; CRS Issue Brief IB93033, *Iran: Current Developments and U.S. Policy*; and CRS Issue Brief IB93113, *Saudi Arabia: Post-War Issues and U.S. Relations*.

Threats and U.S. Interests in the Gulf

Iran, Iraq, and the six Gulf monarchy states that belong to the Gulf Cooperation Council (GCC, comprising Saudi Arabia, Kuwait, Bahrain, Qatar, the United Arab Emirates, and Oman) possess about two thirds of the world's proven reserves of oil. The countries in the Gulf produced over 28% of the world's oil supply in 2001, according to the U.S. Energy Information Administration. Saudi Arabia and Iraq are first and second, respectively, in proven reserves. Iraq, which is relatively unexplored and in which new energy exploration is barred by U.N. sanctions, might ultimately be proven to hold more oil than does Saudi Arabia. Iran and Qatar, respectively, have the second and third largest reserves of natural gas in the world; gas is an increasingly important source of energy for Asian and European countries. Difficulties in the discovery and transportation of oil and gas from the Central Asian/Caspian Sea countries ensure that the Gulf will almost certainly be a major source of energy well into the 21st century, although many experts increasingly see the Central Asia/Caspian countries and Russia as energy sources likely to rival the Gulf. Each of the Gulf states, including Iran and Iraq, appears to have an economic interest in the free flow of oil, but past political conflict in the Gulf and broader Middle East has caused oil prices to rise sharply and has increased hazards to international oil shipping. Despite that economic interest, Iran and Iraq have sometimes, and without success, attempted to organize or been willing to join oil embargoes to protest U.S. policy in the Middle East.

Both Iran and Iraq have threatened U.S. security interests directly and indirectly. Iran and Iraq fought each other during 1980-1988, jeopardizing the security of the

Gulf states, and each has fought the United States, although in differing degrees of intensity. Iran and the United States fought minor naval skirmishes during 1987-88, at the height of the Iran-Iraq war — a war in which the United States tacitly backed Iraq. During one such skirmish (*Operation Praying Mantis*, April 18, 1988) the United States fought a day long naval battle with Iran that destroyed almost half of Iran's largest naval vessels. On July 3, 1988, the United States mistakenly shot down an Iranian passenger aircraft flying over the Gulf (Iran Air flight 655), killing all 290 aboard. To liberate Kuwait from Iraq, which invaded and occupied Kuwait on August 2, 1990, the United States deployed over 500,000 U.S. troops, joined by about 200,000 troops from 33 other countries. That war (Operation Desert Storm, lasting from January 16 until February 27, 1991) resulted in the death in action of 148 U.S. service personnel and 138 non-battle deaths, along with 458 wounded in action. The Gulf war reduced Iraq's conventional military capabilities roughly by half, but Iraq is still superior to Iran and the Gulf states in ground forces. Iran faces financial limitations, but there are no mandatory international restrictions on its imports of advanced conventional weapons, and Iran has been slowly rearming since 1990.

In addition to their conventional forces, both Iran and Iraq have developed weapons of mass destruction (WMD) programs. Iraq's missile, chemical, nuclear, and biological programs, begun during the Iran-Iraq war, were among the most sophisticated in the Third World at the time of Iraq's invasion of Kuwait. During the 1991 Gulf war, Iraq fired 39 enhanced Scud missiles at Israel, a U.S. ally, and about 50 enhanced Scud missiles on targets in Saudi Arabia. One Iraqi missile, fired on coalition forces on February 25, 1991 (during Desert Storm) hit a U.S. barracks near Dhahran, Saudi Arabia, killing 28 military personnel and wounding 97. During the Iran-Iraq war, Iraq fired enhanced Scud missiles at Iranian cities,¹ and it used chemical weapons against Iranian troops and Kurdish guerrillas and civilians. Iran's WMD programs, which are not under U.N. restrictions as are those of Iraq, have made significant strides during the 1990s with substantial help from Russia, China, North Korea, and other countries. Since July 1998, Iran has conducted four tests of its Shahab-3 (Meteor) ballistic missile (800-900 mile range), which could enable Iran to threaten Israel, Turkey, and parts of Central and South Asia. The latest of the tests, in May 2002, appears to have been successful.

Both Iran and Iraq are on the U.S. list of state sponsors of terrorism, although annual State Department reports on international terrorism ("Patterns of Global Terrorism") have consistently deemed Iran a larger terrorist threat than Iraq. The Islamic regime in Iran, which came to power in February 1979, held American diplomats hostage during November 1979-January 1981, and the pro-Iranian Lebanese Shia Muslim organization Hizballah held Americans hostage in Lebanon during the 1980s. Since then, Iran has supported groups (Hizballah and the Palestinian groups Hamas and Palestinian Islamic Jihad) that oppose the U.S.-sponsored Arab-Israeli peace process and carry out terrorist attacks against Israelis. Some pro-Iranian groups have sought to destabilize some of the Gulf states, although

¹The missiles were supplied by Russia but Iraq enhanced their range to be able to reach Tehran, which is about 350 miles from the Iraq border. The normal range of the Scud is about 200 miles.

Iran's support for these groups has diminished since Iran's relatively moderate President Mohammad Khatemi came into office in 1997 and subsequently improved relations with the Gulf states. U.S. law enforcement officials say Iranian operatives were involved in the June 1996 bombing in Saudi Arabia of the Khobar Towers housing complex for U.S. military officers, in which 19 U.S. airmen were killed. Iraq publicly supports Palestinian violence against Israel, but reports indicate that, over the past decade, Baghdad has had limited contact with the groups that are most active in violence and terrorism against Israel. According to publicly available information, neither Iran nor Iraq has been linked to the September 11 attacks, although press reports say that some Al Qaeda activists fleeing Afghanistan have transited or taken refuge in both countries.

Both countries have been accused by successive U.S. administrations as systematic violators of human rights. Iraq has long been considered by the U.S. Government as a gross violator of human rights based on its treatment of dissidents and ethnic minorities, and the Clinton Administration began pressing for a war crimes tribunal for Saddam Husayn and eleven other Iraqi officials. U.S. and U.N. human rights reports have accused Iran of numerous human rights abuses, although not to the degree cited for Iraq.

The Gulf states face internal threats not attributable to Iran or Iraq. All six Gulf states — Saudi Arabia, Kuwait, Bahrain, the United Arab Emirates (UAE), Oman, and Qatar — are hereditary monarchies. They allow limited formal opportunity for popular participation in national decisionmaking, although several, particularly Bahrain, Qatar, and Oman, are opening up their political processes and earning U.S. official praise. Kuwait has had a vibrant, elected parliament for over four decades, although female suffrage is still banned there. Some of the Gulf states, including Saudi Arabia, Kuwait, and the United Arab Emirates, are undergoing leadership transitions, and Bahrain's leadership passed to a new generation in March 1999, when the long serving Amir (ruler) died suddenly. The September 11 attacks have heightened U.S. concerns about radical Islamic activists operating in the Gulf states. These activists, who might be linked to or sympathetic to Al Qaeda, do not currently appear to threaten the stability of any of the Gulf regimes, although the networks could be planning acts of terrorism against U.S. forces and installations there. See Appendix 1 for information on the religious and ethnic composition of the Gulf states.

Iraq: U.S. Efforts to Contain and End the Threat

In May 1993, shortly after taking office, the Clinton Administration articulated a policy of “dual containment” of Iran and Iraq. The Administration explained the policy as an effort to keep both Iran and Iraq strategically weak simultaneously, in contrast to past policies that sought to support either Iran or Iraq as a counterweight to the other. Iraq's refusal to fully comply with post-Gulf war U.N. Security Council resolutions kept the United States and Iraq at odds, and in October 1998 the Clinton Administration publicly added a dimension to U.S. policy that went beyond containment — promoting the change of Iraq's regime. The emphasis of Bush Administration policy toward Iraq, particularly after September 11, has been regime

change, although there appears to be a lack of consensus within the Administration over how to achieve that objective.

Administration efforts to keep Iraq strategically weak and politically isolated have undergone several adjustments since the Gulf war ended in 1991. During 1991-1997, the United States and its allies relied largely on U.N. weapons inspections (UNSCOM), chartered by U.N. Security Council Resolution 687 (April 3, 1991) to eliminate and prevent the rebuilding of Iraq's WMD capabilities. U.N. Security Council resolutions, including 661 (August 6, 1990), which imposed a comprehensive embargo on Iraq, prohibit it from importing conventional weaponry.

Iraq accepted U.N. weapons inspections by the U.N. Special Commission on Iraq (UNSCOM) as long as Iraq believed that it would soon obtain a ruling from UNSCOM that all its WMD programs had been ended. Under Resolution 687 (April 3, 1991), such a ruling would open Iraq to the unrestricted exportation of oil. In 1997, Iraq apparently determined that it would not obtain a favorable U.N. Security Council decision to ease sanctions, and it reduced its cooperation with UNSCOM. Beginning in October 1997, Iraq obstructed the work of UNSCOM teams (designating certain sites "off-limits," attempting to alter the composition of inspection teams) to the point where UNSCOM withdrew from Iraq (December 15, 1998). In response to Iraq's non-cooperation, the United States and Britain conducted a 70 hour bombing campaign (Operation Desert Fox, December 16-19, 1998) against Iraq's WMD-capable factories and other military installations. Since then, there have been virtually no independent WMD inspections in Iraq, with the exception of a few International Atomic Energy Agency (IAEA) visits to monitor Iraq's compliance with its Nuclear Nonproliferation Treaty (NPT) obligations. See Appendix 2 for information on the accomplishments of UNSCOM.

The United States has had to rely on its own intelligence capabilities to determine whether Iraq is rebuilding WMD. The latest unclassified report to Congress by the Central Intelligence Agency, released in January 2002 and covering January - June 2001, says that Iraq is rebuilding facilities that could be used for prohibited WMD manufacture, but the report stops short of presenting hard evidence that Iraq has reconstituted its banned WMD programs.² Defense Secretary Rumsfeld said in July 2002 that the United States has evidence that Iraq is using mobile facilities to develop biological weapons and has placed some WMD munitions and programs in deep, underground facilities.

To ensure that Iraq cannot use its still formidable conventional forces against its neighbors, the United States and Britain patrol "no fly zones" over northern and southern Iraq (see Appendix 3) in the "Northern Watch" and "Southern Watch" operations, respectively.³ Together, the zones cover approximately 62% of Iraq's

²Central Intelligence Agency. *Unclassified Report to Congress on the Acquisition of Technology Relating to Weapons of Mass Destruction And Advanced Conventional Munitions, 1 January Through 30 June 2001*. January 2002.

³In January 1997, following a U.S. confrontation with Iraq in August 1996, France ended its participation in Northern Watch. It ceased participating in Southern Watch following
(continued...)

territory. The enforcement of the zones is not specifically authorized by U.N. Security Council resolutions, but they were set up by the United States, France, and Britain to monitor Iraq's compliance with Resolution 688 (April 5, 1991), which demands that Iraq cease repressing its people. See Appendix 3 for a map of the no fly zones over Iraq.

The Bush Administration, in the aftermath of September 11, has linked Iraq policy to the overall war on terrorism. In his January 29, 2002 State of the Union message, President Bush called Iraq part of an "axis of evil," along with North Korea and Iran. He identified the key threat as Iraq's potential to transfer WMD technology to terrorist groups. Administration policy has two major aspects:

- ! planning for a change of regime. This aspect of Administration policy has generated the most controversy, with reported options ranging from stepped up U.S. covert action within Iraq to an all-out ground invasion conducted by over 250,000 U.S. troops. On August 10-11, senior Administration officials met with six major Iraqi opposition groups that might play roles in a post-saddam regime. The outcome of the debate within the Administration and Congress might hinge on the results of the U.N.-Iraq weapons inspections talks, the strength of the anti-Saddam opposition inside Iraq, considerations of U.S. military casualties from a frontal assault, the willingness of the Gulf monarchies to host a large U.S. invasion force, and the degree of European support or opposition for U.S. plans. Discussions of possible war against Iraq appear to have contributed to Iraq's decision in early 2002 to re-enter a dialogue with U.N. Secretary General Kofi Annan on the restart of inspections in accordance with U.N. Resolution 1284 (December 17, 1999). That resolution created a new inspection body, the U.N. Monitoring, Verification, and Inspection Commission, UNMOVIC) to replace UNSCOM, and slightly eased the conditions under which Iraq would obtain sanctions relief if it cooperated with the new inspection body. Three rounds of talks thus far in 2002 have not yielded agreement on the reentry of U.N. inspectors into Iraq, although in August 2002 Iraq offered new talks with UNMOVIC on the restart of inspections, and the United Nations is attempting to clarify the Iraqi offer to determine whether or not such talks would be productive.
- ! modifying sanctions to build international support for U.S. policy. Immediately after it took office, the Bush Administration claimed that international enforcement of the sanctions regime on Iraq was deteriorating because some countries viewed it as too punitive of the Iraqi people. To counter this criticism and attempt to shore up international enforcement, the Administration announced a "smart sanctions" proposal. Under that proposal, the regulations governing the U.N.-sponsored "oil-for-food" program – a U.N. supervised program under which Iraq sells its oil and uses the proceeds to buy needed goods – would be changed to ease the flow of civilian goods to Iraq. The major element of the proposal, the easing of the regulations governing

³(...continued)

Operation Desert Fox (December 1998).

the export of civilian goods to Iraq, was agreed to in U.N. Security Council Resolution 1409 (May 14, 2002).

Congressional Views. Congress has generally supported the Administration throughout the various confrontations with Iraq, and has sometimes urged even stronger action against Iraq than the Administration appeared ready to take. Congress led the Administration in adding to U.S. containment policy a more ambitious dimension -- promoting the overthrow of Saddam Husayn. Congressional sentiment for a strategy of overthrow of Saddam Husayn was encapsulated in the Iraq Liberation Act, which passed the House on October 5, 1998 (360-38) and the Senate on October 7 (unanimous consent). The Act gave the President the discretion to provide up to \$97 million in defense articles and services to Iraqi opposition organizations designated by the Administration. The President signed the bill into law (P.L. 105-338) on October 31, 1998, the same day Iraq cut off all cooperation with UNSCOM. Some in Congress criticized the Clinton and the Bush Administrations for refusing to provide lethal military equipment under the Act as contrary to congressional intent, but both administrations asserted that the Iraqi opposition is not ready to use such equipment effectively.

On the other hand, some Members do not appear enthusiastic about a large scale ground offensive against Iraq. A congressional resolution, H.J.Res. 75, which passed the House on December 20, 2001, called Iraq's WMD capabilities a mounting threat to the United States, but did not authorize military action against Iraq. In press statements and other appearances during 2002, some congressional leaders have said that a ground attack on Iraq would need congressional authorization, and some have questioned whether other options, such as sanctions, less robust covert or military options, containment, or deterrence could reduce the threat from Iraq successfully without requiring a major offensive.

Iran: Continued Concerns Limit Rapprochement

The May 1997 election of a reformist, Mohammad Khatemi, as Iran's President prompted the United States to attempt to end twenty years of mutual acrimony that had occasionally led to confrontation. However, Khatemi operates within a power structure established by the 1979 Islamic revolution, an establishment that is deeply suspicious of the United States and controls the coercive arms of the state (military, police, and judiciary). The establishment curbed Khatemi's ability to improve relations with the United States and has slowed the momentum of internal reform to the point at which U.S. officials no longer believe that engaging Khatemi's government would prove productive.⁴

Even before Khatemi's election raised U.S. hopes for internal change in Iran, U.S. foreign policy experts had been arguing that improved relations with Iran could help the United States accomplish several goals, including: containing Saddam Husayn's Iraq; reducing the threat to the United States and to the Arab-Israeli peace process posed by Islamic terrorist groups; easing Iran's opposition to a large U.S.

⁴ Kessler, Glenn. U.S. Changes Policy on Iran. *Washington Post*, July 23, 2002.

military presence in the Persian Gulf region; dissuading Iran of the need to acquire weapons of mass destruction; and curbing the regional threat from the Taliban regime in Afghanistan, which was at odds with Iran from the time it took power in Kabul in September 1996. U.S. business interests, meanwhile, argued that improved U.S.-Iranian relations could help open up new energy routes for Caspian/Central Asian energy resources, benefit U.S. exporters, and end trade disputes with U.S. allies precipitated by U.S. secondary sanctions laws.⁵ Others maintained that the United States could not and should not isolate a country of over 65 million people, with a location and resources as strategic as those of Iran.

U.S. hopes that Khatemi would quickly move to improve relations with the United States intensified when Khatemi agreed to a special Cable News Network interview on January 7, 1998, portrayed by Iran and CNN as an "address to the American people." However, Khatemi offered only people-to-people contacts with the United States, and the Clinton Administration subsequently stated that people-to-people contacts alone would not lead to a breakthrough in relations. On June 17, 1998, in a speech to the Asia Society, then Secretary of State Albright proposed that the two countries undertake mutual confidence-building measures that could form a "road map" to eventually normalizing relations. On March 17, 2000, Secretary Albright again attempted to induce Iran into a dialogue with a speech that announced an easing of U.S. sanctions on the imports of Iranian luxury goods,⁶ and an accelerated effort to resolve outstanding financial claims dating from the Islamic revolution. The Secretary also came close to an outright apology for past U.S. interference in Iran's internal affairs – including the U.S.-backed ouster in 1953 of nationalist Prime Minister Mohammad Mossadeq and U.S. support for the Shah of Iran – as well as for the U.S. tilt toward Iraq in the Iran-Iraq war. The speech followed a July 1999 easing of the U.S. trade ban on Iran to allow commercial sales to Iran of food and medical products.⁷ The renewed overture still did not prompt Iran to accept the U.S. offer of an official dialogue, although Iran did begin broadening its contacts with Members of Congress.⁸

In its attempts to forge a dialogue with Iran, the Clinton Administration asserted that there were no substantive preconditions for the beginning of talks with Iran but that the two sides openly acknowledge the dialogue, that both sides must be free to raise issues of respective concern, and that the Iranian interlocutors must be authoritative representatives of the Iranian government. The Clinton Administration said it would use the dialogue to press U.S. concerns, which it defined primarily as Iran's attempt to acquire weapons of mass destruction and delivery means, opposition

⁵The most widely known example of U.S. secondary sanctions on Iran is the Iran-Libya Sanctions Act, P.L. 104-172, of August 5, 1996. For analysis of that and other U.S. sanctions on Iran, see CRS Report 97-231, *Iran: U.S. Policy and Options*.

⁶The four category of goods that can be imported are caviar, dried fruit, nuts, and carpets.

⁷The conference report on H.R. 4461, the FY2001 agriculture appropriation (H.Rept. 106-948), eases licensing procedures for food and medical sales to Iran and other terrorism list countries and authorizes the President to allow the use of U.S. export credits for these sales.

⁸Slavin, Barbara. "Iran, U.S. Elected Officials' Meeting First in 20 Years." *USA Today*, August 31, 2000.

to the Arab-Israeli peace process, and support for international terrorism. Some believed that Iran's human rights practices should also be a priority concern for the United States.

The Bush Administration, September 11, and Iran. The Bush Administration came into office espousing much the same policy toward Iran as the preceding administration - offering dialogue but stressing U.S. concerns. After the September 11 attacks, there was substantial optimism for a major breakthrough in relations when Iran largely cooperated with the U.S. effort to defeat the Taliban and install a new government. Some note that Iran had long wanted the Taliban ousted, so that backing the U.S. effort was in Iran's own interests and did not necessarily represent a new effort to reach out to the United States or a turning away from support for international terrorism. Immediately after the defeat of the Taliban, revelations of an Iranian arms shipment to Palestinians linked to the Palestinian Authority (January 2002), and indications of Iranian meddling inside Afghanistan, reversed the warming trend and revived longstanding U.S. suspicions of Iran. President Bush included Iran in his "axis of evil" characterization contained in the January 29, 2002 State of the Union message. U.S. officials have since added that there is evidence some Al Qaeda activists have been allowed to transit or take refuge in Iran, although there is no evidence that this is official Iranian policy. Several trends and developments in Iran concern U.S. officials:

- ! In the first few years of his presidency, Khatemi stated on several occasions that Iran opposes the interim accords reached between Israel and the Palestinians but that Iran would not actively try to derail their peace talks. Iran did not publicly oppose Syria's decision to renew talks with Israel in December 1999, although those talks quickly broke down and have not resumed. Despite these public pronouncements, Iran, according to U.S. officials in 2002, has stepped up financial and materiel aid to anti-Israel terrorist groups, particularly Hizballah, Hamas, and Palestinian Islamic Jihad, in the context of the ongoing Palestinian uprising against Israel and its occupation. Iran's aid to Hizballah has continued, even at times increased, since Israel's withdrawal from southern Lebanon in May 2000, a withdrawal certified by the United Nations. Hizballah asserts that the withdrawal was not complete, as do the governments of Syria and Lebanon.
- ! Khatemi has not sought to curb Iran's WMD programs; all factions in Iran appear to agree on the need to continue developing these programs. They perceive that Iran is threatened on virtually all sides – by erstwhile adversary Iraq and a nuclear-armed Israel to the west; by a nuclear-equipped Pakistan and a now U.S.-dominated Afghanistan, to the east; by U.S. forces in the Gulf, to Iran's south; and by U.S. forces now based in Central Asia and increasingly present in the Caucasus, to the north. U.S. government officials and reports say Iran is actively pursuing a long-range missile program, that it is building a chemical and biological weapons infrastructure, and that it is acquiring expertise and technology that could be used in a nuclear weapons program. Russia has rebuffed repeated U.S. efforts to persuade it to stop or limit work on the civilian nuclear power reactor it is building under contract to Iran at Bushehr, and there are increasing worries that the plant, when it becomes operational, will produce nuclear material that could fall into the hands of

terrorist groups for the production of a radiological “dirty” bomb. On the other hand, there are disagreements over the degree to which Iran should cooperate — or appear to cooperate — with international anti-proliferation regimes. Governing bodies of several international non-proliferation regimes, including the Nuclear Non-Proliferation Treaty and the Chemical Weapons Convention, say Iran is generally fulfilling its obligations under these agreements.

- ! The United States is also watching the balance of factions inside Iran to determine whether or not more moderate forces might prevail, on the assumption that reformist elements might eventually shift Iran’s foreign policy course. President Khatemi has attempted to liberalize social and political life since taking office, but conservative forces in Iran appear to have gained the upper hand politically and are thwarting most of his internal reforms. U.S. officials say that they doubt that Khatemi can gain the upper hand in this power struggle, and a July 12 statement issued by President Bush indicated a shift in U.S. policy by expressing support for Iranian reformers and Iran’s people, not for Khatemi or his government. Since 2000, hardliners have repeatedly closed pro-reform newspapers and imprisoned some of their editors, although the newspapers usually reopen under new names. Some pro-Khatemi members of parliament have been arrested or questioned over the past year. Reformist efforts to curb the legislative powers of unelected bodies such as the Council of Guardians have failed.

The Persian Gulf Monarchies: Coping With Internal and External Threats

Over the past two decades, U.S. attempts to contain the threats from Iran and Iraq have depended on cooperation with the Persian Gulf monarchies of the Gulf Cooperation Council (GCC).⁹ The September 11 attacks have added a new dimension to U.S. relations with the Gulf states – pressing for their cooperation against Al Qaeda activists and financial channels located in their territories. The need for the United States to deal with all the security threats emanating from the Gulf gives the United States a stake in the political stability of the Gulf states. Despite the threats they face, the GCC states have proved more durable politically than some scholars had predicted, surviving attempts to subvert them by Iraq (1970s) and Iran (1980s and 1990s), the eight year Iran-Iraq war (September 1980-August 1988), the Iraqi invasion and occupation of Kuwait (August 1990 - February 1991), and post-Gulf war unrest and uncertain leadership transitions in a few of the GCC states. See Appendix 4 for a map of the Gulf region.

⁹For further information on the Gulf states, see CRS Issue Brief IB93113, *Saudi Arabia: Post-War Issues and U.S. Relations*; and CRS Report 95-1013, *Bahrain*; CRS Report 95-1071, *Oman*; CRS Report 98-436, *United Arab Emirates: U.S. Relations and Prospective F-16 Sale*; and CRS Report 98-600, *Kuwait: Current Issues and U.S. Policy*.

Domestic Stability

Many of the Gulf monarchies face potential threats to political stability. Although some, such as Bahrain and Saudi Arabia, have experienced open unrest since the 1991 Gulf war, the Gulf governments appear to be firmly in power. Several are undergoing leadership transitions, while others are gradually opening up their political processes. Since September 11 the United States has heightened its attention to public attitudes in the Gulf in light of surveys and reports that many Gulf citizens are sympathetic to at least some of the goals of radical Islamic movements such as Al Qaeda. Al Qaeda leader Osama bin Laden is viewed by some in the Gulf as a revolutionary Islamic figure who is valiantly fighting to overcome U.S. influence over the Islamic world.¹⁰ Bin Laden supporters and other Islamic activists present in the Gulf do not appear to pose a major challenge to the other Gulf regimes at this time, but some U.S. officials are concerned that Al Qaeda, defeated in Afghanistan, might turn its attention to destabilizing pro-U.S. Arab governments in the Gulf or elsewhere.

Leadership Transition. Still governed by hereditary leaders, several of the GCC states are coping with current or imminent leadership transitions. Although few observers forecast bloody succession struggles in any of the Gulf states, succession uncertainties have already begun to cloud political or economic reform efforts under way or planned.

- ! In Saudi Arabia, King Fahd suffered a stroke in November 1995 and, although still holding the title King, he has yielded day-to-day governance to his half-brother and heir apparent, Crown Prince Abdullah. Abdullah is the same age as Fahd (about 78) but he appears to be in reasonably good health. Abdullah has been more willing than Fahd to question U.S. policy in the region and U.S. prescriptions for Saudi security, which, together with his image of piety and rectitude, could account for his relative popularity among the Saudi tribes and religious conservatives.
- ! In Bahrain, the sudden death of Amir (ruler) Isa bin Salman Al Khalifa on March 6, 1999 led to the accession of his son, Hamad bin Isa Al Khalifa, who was commander of Bahrain's Defense Forces. In February 2002, he formally changed Bahrain into a kingdom and took the title King instead of Amir. King Hamad has moved decisively to try to address the grievances that caused Bahrain's unrest in the mid-1990s, as discussed below.
- ! The UAE is in transition from the ailing Shaykh Zayid bin Sultan al-Nahayyan, ruler of the emirate of Abu Dhabi who helped found and became President of the seven-emirate UAE federation in 1971. His eldest son, Crown Prince Khalifa, is the likely successor, and Khalifa has been assuming a higher profile in the UAE over the past few years. Khalifa's formal succession could become clouded if the rulers of the other six emirates of the UAE federation, or even factions within Abu Dhabi itself, oppose him as

¹⁰For more information on bin Laden, see CRS Report RL31119, *Terrorism: Near Eastern Groups and State Sponsors*, 2002. February 13, 2002, by Kenneth Katzman.

leader. However, the UAE is well placed to weather this transition because it has faced the least unrest of any of the Gulf states, its GDP per capita (\$22,000 per year) is the highest in the Gulf, and there are few evident schisms in the society.

- ! The reform-minded ruler of Qatar, Shaykh Hamad bin Khalifa Al Thani, overthrew his father in a bloodless coup in June 1995. Although the Amir accused his father and other GCC states of attempting a counter coup in early 1996, the Amir and his father reconciled to some extent in late 1996. The Amir's reform agenda has garnered wide support and there has been little evidence of unrest. However, there are indications that, prior to September 11, Al Qaeda activists were present in or transited Qatar.
- ! In Kuwait, virtually the entire top leadership – Amir Jabir al-Ahmad Al-Sabah, Crown Prince/Prime Minister Sa'd al-Abdullah Al-Sabah, and Deputy Prime and Foreign Minister Sabah al-Ahmad Al-Sabah – is ailing. This has created significant delays in making key political economic decisions, such as allowing foreign investment in the energy sector, and fostered an image of political stagnation. There are several younger potential successors with significant experience in government, but they have not sought to persuade the existing leaders to step down. Islamic fundamentalist opposition to the ruling Al Sabah family is contained within the context of Kuwait's elected National Assembly, and virtually no anti-regime violence has occurred there since the Gulf war.
- ! With the exception of an alleged Islamist plot in 1994 that led to a few hundred arrests, Oman has seen little unrest since Sultan Qaboos bin Said Al Said took power from his father in 1970. Qaboos is about 63 years old and in good health, but the royal family in Oman is relatively small and there is no heir apparent or clear successor, should he pass from the scene unexpectedly. Like his colleagues in Qatar and Bahrain, Qaboos has undertaken numerous reforms, although at a more gradual pace than the other two.

Political Liberalization. Some of the Gulf leaders are gradually opening the political process, in part to help them cope with the challenges of modernization and globalization. The Gulf leaders undertaking these steps hope that political liberalization will ensure stability, although some fear that this process could backfire by providing Islamic extremists a platform to challenge the incumbent regimes. Since the 1991 Gulf war, the United States has encouraged the Gulf states to open their political systems, although U.S. officials imply that political liberalization is clearly subordinate to defense and security issues on the U.S. agenda for the Gulf. U.S. officials also stress that they are not pressing the Gulf states to adopt a U.S. or European concept of democracy, but rather to widen popular participation within their own traditions. U.S. diplomats are pressing for adherence to the rule of law, economic transparency, judicial reform, and the opening of the media. The Bush Administration is promoting these reforms with U.S. Agency for International Development (USAID) programs as well as those funded by the State Department's Near East Bureau and its Bureau of Democracy, Human Rights, and Labor.

- ! Kuwait has traditionally been at the forefront of political liberalization in the Gulf, but it has not moved forward on this front in the past few years. In response to popular pressure after liberation, Kuwait revived its elected National Assembly in October 1992, after six years of suspension. Kuwait's Assembly still has more influence in decisionmaking and more scope of authority than any representative body in the GCC, with the power to review and veto governmental decrees. However, on two separate occasions in 1999, a long awaited effort by the government to institute female suffrage was rebuffed by a coalition of conservative tribal deputies and Islamists in the National Assembly. The U.S. Administration expressed support for the government's effort. The government has not aggressively renewed the push for female suffrage since.

- ! In March 1999, Qatar held elections to a 29-member municipal affairs council. In a first in the Gulf, women were permitted full suffrage and 6 women ran for the council, but all six lost. In late 1998, the Amir of Qatar announced that a constitution would be drafted providing for an elected National Assembly to replace the appointed 35-member consultative council in place since independence in 1971. The draft constitution was presented to the Amir in early July 2002; its approval would pave the way for elections to a one-chamber assembly, to be held in 2004. Thirty of the seats are to be elected, with the remaining fifteen appointed. The constitution will also provide for an independent judiciary. Qatari officials say the assembly's proceedings will be public.

- ! On September 14, 2000, Oman held the first direct elections to its 83-seat Consultative Council. The electorate consisted of 115,000 men and women elites in their districts, far short of a genuine popular electorate. However, the process represented a clear contrast with past elections (1994 and 1997) in which a smaller and more select electorate chose two or three nominees per district and the Sultan then selected the final membership. Two women were elected to the Council in the September 2000 elections. Qaboos also formed a 53-seat State Council to serve, in part, as a check and balance on the elected Consultative Council. Its members tend to be somewhat older than those in the Consultative Council; many are former government officials. In October 2000, Qaboos named five women to the State Council, up from four in the previous State Council.

- ! The new King of Bahrain has largely abandoned his late father's refusal to accommodate opposition demands to restore an elected national assembly. In February 2002, Bahrain held a referendum on a new "national action charter" that will establish an elected, 40-member national assembly. Those elections will be held in October 2002, and election preparations are already under way. There will also be an appointed upper body of the same size which, according to some observers, is intended to check the influence of the Shia Muslims that, because of Bahrain's majority Shia population, are expected to dominate the elected assembly.

In the other Gulf states, political liberalization has been somewhat slower. Saudi Arabia expanded its national consultative council to 90 seats from 60 in 1997, and again to 120 seats in 2001, but it continues to rule out national elections or the appointment of women to the Council. On the other hand, within the past few years, the Saudi government has parted with tradition by naming two women to high ranking government positions, and it now allows women to observe the proceedings of the Council. The UAE has not moved to broaden the authority of its forty seat advisory Federal National Council, and has undertaken few, if any political reforms, although some observers say the press has become increasingly open. The wife of UAE President Shaykh Zayid bin Sultan al-Nuhayyan said in January 1999 that women will participate in the political life of the UAE in the future. A few weeks after that statement, Shaykh Zayid appointed a woman to be undersecretary of the Ministry of Labor and Social Affairs, the first woman to hold such a high-ranking government post.

Despite the move toward political openness in some of the Gulf states, the United States believes that the Gulf states continue to rely heavily on repression and denial of internationally recognized standards of human rights to maintain political stability. Even the moves toward political liberalization in the Gulf states do not give Gulf citizens the right to peacefully change their government, and the foreign workers on which their economies rely have virtually no political rights at all. Almost all the Gulf states are cited by human rights organizations and U.S. human rights reports for arbitrary arrests, religious discrimination, suppression of peaceful assembly and free expression, and the denial of popular ability to peacefully change the government. Saudi Arabia actively prohibits the practice of non-Muslim religions on its territory, even in private, with limited exceptions. Qatar prohibits public non-Muslim worship but tolerates it in private. In Kuwait, Bahrain, the UAE, and Oman, there are functioning Christian churches and congregations. Small Jewish communities in some Gulf countries are generally allowed to worship freely.

Economic Reform.¹¹ At the same time the Gulf states are coping with political change, some are taking steps to reform their economies and to shore up their key asset, energy resources, by inviting foreign investment in that sector. As noted in **Table 1** below, oil export revenues constitute a high percentage of GDP for all of the states of the Gulf, including Iran and Iraq. The health of the energy infrastructure of the Gulf producers is also a key concern of the United States – Gulf petroleum comprises almost one quarter of the United States’ approximately 10 million barrels per day (mbd) net imports.

¹¹For further information on the GCC economies, and trade and investment policies and practices, see CRS Report RL30383, *U.S.-Gulf Cooperation Council (GCC) Trade and Investment: Trends and Implications*. December 3, 1999, by Joshua Ruebner.

Table 1. Gulf Oil Exports (2001)

Country	Total Oil Exports (mbd)	Oil Exports to U.S. (mbd)	Oil Revenues as % GDP	GDP (billion dollars, 2000)
Iran	2.6	0	45%	99.0
Iraq	2.0	0.78	100%	15.0
Kuwait	1.8	0.26	50%	33.4
Saudi Arabia	7.4	1.66	40%	185.0
Qatar	0.8	negligible	30%	12.4
U.A.E.	2.1	negligible	33%	58.0
Oman	0.9	0	40%	17.7
Bahrain	0.02	0	30%	6.9
Total	17.82	2.70	N/A	N/A

Source: DOE, Energy Information Agency (EIA), OPEC Revenue Fact Sheet. Some figures from supporting EIA data.

A sharp oil price decline in 1997-98 prompted the Gulf monarchy states to reevaluate their longstanding economic weaknesses, particular the generous system of social benefits they provide to their citizens. However, the strong expectation in these countries of continued benefits led the Gulf regimes to look to other ways to reform their economies. Rather than cut benefits, institute or raise taxes, or dramatically reduce their defense budgets, some of the Gulf states have chosen to try to reduce economic vulnerability by attracting international capital to the energy and other sectors. Qatar invited foreign investors to develop its North Field, the world's largest non-associated gas field, which now has customers in Asia and sells some liquified natural gas (LNG) to the United States.

Kuwait and Saudi Arabia have begun discussions with Western oil companies, including several American firms, about further developing their oil and gas reserves. International firms bring technology and capital that are now in short supply to the Gulf's state-owned oil companies, such as Saudi Aramco and Kuwait Petroleum Company (KPC). However, sensitivity about a possible loss of sovereignty have complicated these efforts. The Kuwaiti government has not obtained National Assembly approval for opening the energy sector to foreign investment, and, as a result, "Project Kuwait," a plan under which foreign investors would develop Kuwait's northern oil fields, has not moved forward. Similarly, Saudi Crown Prince Abdullah's initiative to open the Kingdom's gas reserves to foreign development, has stalled. Saudi Arabia and eight foreign firms signed a preliminary agreement in June 2001 to develop three Saudi gas fields; two of the three would be led by Exxon Mobil. However, the agreement has not been finalized. Factors contributing to the delay reportedly include obstructions by Saudi officials who do not want Saudi Aramco to lose influence, and differences between Saudi Arabia and the foreign investors on commercial terms of the deal.

As part of the process of attracting international investment, the Gulf states are starting to open their economies. The Gulf states have passed laws allowing foreign firms to own majority stakes in projects, and easing restrictions on repatriation of profits. U.S. officials have recognized progress by the GCC states in eliminating the requirement that U.S. firms work through local agents, and protecting intellectual property rights of U.S. companies. Oman was admitted to the World Trade Organization (WTO) in October 2000, and Saudi Arabia, the last GCC state not a member of that body, is in negotiations to join it. Some Saudi officials blame the United States for insisting on terms of entry that are too strict, and U.S. officials say that Saudi Arabia is seeking terms that are overly generous and which would allow it to avoid required reforms. In 1994, all six GCC countries relaxed their enforcement of the secondary and tertiary Arab boycott of Israel, enabling them to claim that they no longer engage in practices that restrain trade (a key WTO condition).

Gulf Foreign Policy and Defense Cooperation with the United States

Even with a weakened Iraq, most experts believe the GCC countries cannot face their security challenges alone or in concert, should either Iran or Iraq turn toward aggression. The GCC countries have chosen to ally with the United States and, to a lesser degree, other outside powers. Although their combined forces might be equipped as well as or better than Iran or Iraq (see **Table 2** below), the GCC countries suffer from a shortage of personnel willing to serve in the armed forces or commit to a military career, and they lack much combat experience.

Table 2. Comparative Military Strengths of the Gulf States

Country	Military Personnel	Tanks	Surface-Air Missiles	Combat Aircraft	Naval Units		Patriot Firing Units	Defense Budget (billion dollars)
					Surface Combatants	Sub-marines		
Saudi Arabia	201,000 (incl. 75,000 Saudi National Guard)	1,055 (incl. 315 M-1A2 Abrams)	33 batteries, (about half I-Hawk)	348 (incl. 174 F-15)	34	0	20	27.2
UAE	64,500	411 (incl. 330 Leclerc)	5 (I-Hawk batteries)	101	18	0	--	3.9
Oman	43,400	153	2 batteries	40	13	0	--	2.4
Kuwait	15,500	385 (incl. 218 M-1A2 Abrams)	10 batteries (incl. 4 Hawk)	82 (incl. 40 FA-18)	10	0	5	3.3
Qatar	12,300	35	75 SAM's (incl. 12 Stinger)	18	7	0	--	1.5
Bahrain	11,000	106	2 batteries	34 (incl. 22 F-16)	11 (incl. 1 frigate)	0	--	.315
Iraq	424,000	2,200	1,500 launchers (incl. SA-2,3,6,7,8,9,13, 14,16)	316	6	0	--	1.4
Iran	513,600	1,565	76 batteries, (incl. I-Hawk) plus some Stinger	283	66 (incl. 10 Hudong) plus 40 Boghammer	6 (incl. 3 Kilo)	--	9.1

Source: International Institute for Strategic Studies, *The Military Balance 2001-2002*. (Note: Figures shown here do include materiel believed to be in storage)

Iraqi aircraft figures include aircraft flown from Iraq to Iran during 1991 Gulf war. Patriot firing unit figures do not include firing units emplaced in those countries by the United States. Six U.S. Patriot firing units are emplaced in Saudi Arabia, according to *Teal's World Missiles Briefing*.

In return for providing protection to the Gulf states, the Administration and Congress have expected these states to provide tangible diplomatic and material support to all aspects of U.S. policy in the Middle East, including U.S. policy toward the Israeli-Palestinian dispute. However, the Gulf states often try to remain within a broader Arab consensus, and strains have widened since the latest Palestinian uprising began in September 2000. In the aftermath of the 1993 Israeli-PLO mutual recognition, the GCC states participated in the multilateral peace talks, but only Bahrain, Qatar, and Oman hosted sessions of the multilaterals. As noted above, in 1994 the GCC states ceased enforcing the secondary and tertiary Arab League boycott of Israel, and Oman and Qatar opened low-level direct trade ties with Israel in 1995-1996. A regional water desalination research center was established in Oman as a result of an agreement reached at the multilaterals. In November 1997, at a time of considerable strain in the peace process, Qatar bucked substantial Arab opposition and hosted the Middle East/North Africa economic conference, the last of that yearly event to be held. Diplomats from all six Gulf states met with Israeli diplomats during reciprocal visits or at the margins of international meetings.

Gulf state criticism of U.S. policy has increased as the Israeli-Palestinian peace process collapsed during 2000-2002. After the Palestinian uprising began in September 2000, Oman closed its trade office in Israel and ordered Israel's trade office in Muscat closed. Qatar announced the closure of Israel's trade office in Doha, although observers say the office has been tacitly allowed to continue functioning at a low level of activity. (Qatar did not open a trade office in Israel). Even though the Gulf states resent PLO leader Yasir Arafat for supporting Iraq in the Gulf war, the Gulf states have bowed to public sympathy for the plight of the Palestinians by giving financial assistance to Palestinian families that have lost members to Israeli military operations or in the course of perpetrating violence against Israelis. Although all the Gulf leaders have expressed sharp disagreement with Bush Administration policy that they believe is too heavily tilted toward Israel, the Gulf states have not, as was feared, taken steps to reduce defense cooperation with the United States. Saudi Crown Prince Abdullah has tried to guide and support U.S. policy on this issue; he engineered Arab League approval of a vision of peace between Israel and the Arab states at the March 2002 Arab summit.

The Bush Administration faces disagreements with the Gulf states on policy toward Iraq, even though the Gulf states have historically been the most threatened by Iraq. Disagreement is particularly sharp on the possibility that the United States might mount a military offensive to change Iraq's regime. The Gulf states say they do not see the threat from Iraq as sufficiently clear to justify steps to change Iraq's regime, although they do not appear to oppose U.S. covert action or limited military action to remove Saddam Husayn. The Gulf states agree with the United States that Iraq should readmit U.N. weapons inspectors and otherwise comply with all applicable U.N. resolutions, although the Gulf states also have tended to push for relatively lenient criteria for judging Iraqi compliance and for lifting international sanctions. Partly in an effort to defuse U.S. talk of military action against Iraq, Saudi Arabia arranged a move toward reconciliation between Iraq and Kuwait at the March 2002 Arab League summit, and the leaders adopted resolutions opposing a U.S. military attack on Iraq. Also that month, the Gulf leaders reportedly rebuffed U.S. efforts to elicit their support for robust action against Iraq when Vice President Cheney visited the Gulf. On the other hand, some experts and U.S. officials believe

the Gulf states would go along with U.S. military action, including providing basing, if the United States would ensure that a stable and more peaceful Iraq would result.

The September 11 attacks introduced new, but apparently manageable, frictions in U.S. relations with the Gulf states. The revelation that fifteen of the nineteen September 11 hijackers were of Saudi origin led to additional strain in U.S.-Saudi relations – which had already been tense because of the Israeli-Palestinian dispute -- and to speculation that U.S. forces might be asked to leave the Kingdom. There were also reports that the hijackers had used financial networks based in the UAE in the September 11 plot. The Saudis reportedly have been offended by U.S. press articles that equated Saudi human rights practices to those of the Taliban, and that discuss Saudi funding of religious schools in Pakistan that were linked to the Taliban and Al Qaeda. There have been reports that some Bush Administration officials, weighing these and other criticisms of Saudi Arabia, now view the Kingdom as more an adversary than a friend of the United States.

Publicly, the Administration has responded to these reports by stressing that all the Gulf states strongly condemned the September 11 attacks, and have responded, to varying degrees, to U.S. requests that they shut down financial networks used by Al Qaeda and other terrorist groups. Virtually all of the Gulf states have at least tried to identify bank accounts of known or suspected terrorists or Islamic charities allegedly funding terrorist organizations, although they have been hesitant to actually begin freezing such accounts. The Gulf leaders defend Islamic charities as needed vehicles to help poor Muslims, and they have challenged some U.S. assertions that these funds are used for terrorism. During a visit to the Gulf in April 2002, Treasury Secretary Paul O'Neill praised Gulf state cooperation, particularly that of the UAE, with the United States on terrorism financing issues. Some Gulf states have made arrests of alleged Al Qaeda operatives; Saudi Arabia arrested seven Al Qaeda suspects in June 2002. Saudi Arabia said in August 2002 it is holding about 16 Al Qaeda fighters of Saudi origin captured transiting Iran and turned over to Saudi Arabia by the Iranian government.

Defense Agreements and U.S. Forces in the Gulf. In the aftermath of the 1991 Gulf war, the Gulf states, with the exception of Saudi Arabia, renewed or formalized defense agreements with the United States. The agreements provide not only for facilities access for U.S. forces, but also for U.S. advice, training, and joint exercises; lethal and non-lethal U.S. equipment prepositioning; and arms sales. The pacts do not formally require the United States to come to the aid of any of the Gulf states if they are attacked, according to U.S. officials familiar with their contents. Nor do the pacts give the United States automatic permission to conduct military operations from Gulf facilities — the United States must obtain permission on a case by case basis.

The September 11 attacks offered a new opportunity to put into practice the longstanding defense cooperation with the Gulf states. The Gulf states were asked, and most agreed, to host U.S. forces performing combat missions in Afghanistan in Operation Enduring Freedom (OEF, the war against the Taliban and Al Qaeda). Saudi Arabia did not offer to allow U.S. pilots to fly missions in Afghanistan from Saudi Arabia, but it did permit the United States to use the Combined Air Operations Center at Prince Sultan Air Base, south of Riyadh, to coordinate U.S. air operations

over Afghanistan. Published accounts indicate that the other Gulf states did allow such missions to fly from their territory, and they allowed the United States to station additional forces for OEF. Qatar publicly acknowledged the U.S. use of the large Al Udaid air base in OEF, and Bahrain publicly deployed its U.S.-supplied frigate naval vessel in support of OEF.

A baseline number of U.S. military personnel in the Gulf theater of operations is listed in **Table 3** below, although the numbers may vary greatly in times of a crisis in the Gulf or nearby. During Operation Enduring Freedom, the numbers of U.S. troops in several of the Gulf states, particularly Qatar and Bahrain, have been appreciably higher than those listed in the table. The following is a brief overview of U.S. operations and presence in each of the six GCC states:

- ! Concerned about internal opposition to a U.S. presence, Saudi Arabia has refused to sign a formal defense pact with the United States. However, it has entered into several limited defense procurement and training agreements with the United States.¹² U.S. combat aircraft based in Saudi Arabia fly patrols of the no fly zone over southern Iraq, but Saudi Arabia does not permit preplanned strikes against Iraqi air defenses - only retaliation in case of tracking or firing by Iraq.
- ! Bahrain has hosted the headquarters for U.S. naval forces in the Gulf since 1948, long before the United States became the major Western power in the Gulf. (During the 1970s and 1980s, the U.S. presence was nominally based offshore.) Bahrain signed a separate defense cooperation agreement with the United States on October 28, 1991. In June 1995, the U.S. Navy reestablished its long dormant Fifth fleet, responsible for the Persian Gulf region, and headquartered in Bahrain. No U.S. warships are actually based in Bahraini ports; the headquarters is used to command the 20 or so U.S. ships normally in the Gulf. About 850 U.S. Air Force personnel deployed to Shaykh Isa air base for duties in OEF.
- ! An April 21, 1980 facilities access agreement with Oman provided the United States access to Omani airbases at Seeb, Thumrait, and Masirah, and some prepositioning of U.S. Air Force equipment. The agreement was renewed in 1985, 1990, and 2000. In keeping with an agreement reached during the 2000 access agreement renewal negotiations, the United States is funding the \$120 million cost to upgrade another base near al-Musnanah. When completed in 2003, the base will be able to handle even the largest U.S. aircraft.¹³
- ! On September 19, 1991, Kuwait, which sees itself as the most vulnerable to Iraqi aggression, signed a 10-year pact with the United States (renewed in 2001 for another 10 years) allowing the United States to preposition enough equipment to outfit a U.S. brigade. Joint U.S.-Kuwaiti exercises are held

¹²For more information on these agreements, see CRS Report 94-78, *Saudi Arabia: U.S. Defense and Security Commitments*. February 3, 1994, by Alfred Prados.

¹³Sirak, Michael. USA looks to Expand Bases in Oman and Qatar. *Jane's Defence Weekly*, April 17, 2002.

almost constantly, meaning that about 4,000 U.S. military personnel are in Kuwait at virtually all times. The United States opened a Joint Task Force headquarters in Kuwait in December 1998 to better manage the U.S. forces in Kuwait. With few limitations, Kuwait allows the United States to conduct airstrikes on Iraq from its territory and to station additional air and ground forces in Kuwait during times of crisis, as happened during OEF. The United States has spent about \$170 million since 1999 to upgrade the two Kuwaiti air bases that host U.S. aircraft – Ali al-Salem and Ali al-Jabir, and to upgrade the headquarters of U.S. Army troops in Kuwait. The U.S. prepositioning site is expected to move to southern Kuwait, at Arifjan, in the near future; the site is being expanded and can hold more equipment than the current site at Camp Doha. Relocating there also places U.S. equipment further from Iraq and thereby adds some strategic depth to the U.S. presence.

- ! Qatar is building an increasingly close defense relationship with the United States, possibly to ensure that its neighbors do not try to encroach on its huge natural gas reserves. It signed a defense pact with the United States on June 23, 1992, and has thus far accepted the prepositioning of enough armor to outfit one U.S. brigade, and the construction of a facility (As-Saliyah site) that could accommodate enough equipment to outfit at least two U.S. brigades. The United States is currently helping Qatar expand a large air base (Al Udaid) at a cost of about \$1 billion, and U.S. aircraft began using the base during OEF. Press reports say the United States is building an air operations center at Al Udaid that would supplement or eventually supplant the one in Saudi Arabia. Over 2,000 U.S. Air Force personnel deployed to Al Udaid in OEF.
- ! The UAE did not have close defense relations with the United States prior to the 1991 Gulf war. The UAE then determined, however, that it wanted a closer relationship with the United States, in part to deter and balance out Iranian naval power. On July 25, 1994, the UAE announced it had signed a defense pact with the United States. The UAE allows some U.S. prepositioning, as well as U.S. ship port visits at its large man-made Jebel Ali port. It also hosts U.S. refueling aircraft participating in the southern no fly zone enforcement operation (al-Dhafra air base). Concerned about a perceived loss of sovereignty, the UAE also insisted on a clarification of the defense pact's provisions on the legal jurisdiction of U.S. military and other official personnel in the UAE; the issue was resolved in 1997.

Table 3. U.S. Troops in Iraq Theatre/ Host Nation Support

Country	U.S. Forces/Equipment Hosted (Pre-September 11)	Host Nation Support, 1999 (Millions)	U.S. Aid (FY2003 Request)
Saudi Arabia	<ul style="list-style-type: none"> - About 5,000, mostly Air Force - Combined Air Operations Center at Prince Sultan Air Base - About 160 U.S. aircraft - No U.S. combat flights in Operation Enduring Freedom (OEF) 	\$2.16 direct \$78.29 indirect \$80.44: Total	\$25,000 IMET
Kuwait	<ul style="list-style-type: none"> - About 3,600, roughly equally divided between Air Force and Army - Joint Task Force/Kuwait - About 40 U.S. aircraft - Armor for one brigade (Camp Doha) - U.S. combat flights in OEF 	\$172.09 direct \$4.90 indirect \$176.99: Total	
UAE	<ul style="list-style-type: none"> - About 370, mostly Air Force - Port facilities at Jebel Ali - Some U.S. support aircraft 	\$0.06 direct \$14.62 indirect \$14.68: Total	\$350,000 IMET
Qatar	<ul style="list-style-type: none"> - About 50, mostly Army - Some Air Force equipment at Al Udaid Air Base, U.S. use of Al Udaid in OEF - Armor to outfit at least one brigade at As-Saliyah site 	\$0.00 direct \$11.00 indirect \$11.00: Total	
Oman	<ul style="list-style-type: none"> - About 200 - Some Air Force equipment, access to air bases at Seeb, Thumrait, Masirah, and Musnanah - Use of facilities in OEF 	\$0.00 direct \$34.91 indirect \$34.91: Total	\$20 million FMF; \$750,000 IMET; \$150,000 NADR
Bahrain	<ul style="list-style-type: none"> - About 1,400, mostly Navy - Fifth fleet headquarters - Facilities used in OEF 	\$1.25 direct \$0.15 indirect \$1.40: Total	\$450,000 IMET
Turkey	1,805 Air Force (Northern Watch) About 24 aircraft (Northern Watch)	N/A	\$17.5 million FMF; \$2.8 million IMET; \$600,000 NADR
Afloat in the Gulf	About 13,000 mostly Navy; 1 aircraft carrier plus about 10 associated ships, with about 70 aircraft. 2 U.S. ships help enforce Iraq embargo.	N/A	

Sources: Department of Defense, Active Duty Military Personnel Strengths by Regional Area and By Country, Department of Defense, Responsibility Sharing Report, March 2001.

Note: Direct support refers to financial payments to offset U.S. costs incurred. Indirect refers to in-kind support such as provision of fuel, food, housing, basing rights, maintenance, and the like. IMET is International Military Education and Training funds; FMF is Foreign Military Financing; NADR is Nonproliferation, Anti-Terrorism, Demining, and Related Programs.

U.S. Arms Sales and Security Assistance. A key feature of the U.S. strategy for protecting the Gulf has been to sell arms and related defense services to the GCC states. Congress has not blocked any U.S. sales to the GCC states since the Gulf war, although some in Congress have expressed reservations about sales of a few of the more sophisticated weapons and armament packages to the Gulf states in recent years. Some Members believe that sales of sophisticated equipment could erode Israel's "qualitative edge" over its Arab neighbors,¹⁴ if the Gulf states were to join a joint Arab military action against Israel. Others are concerned that some U.S. systems sold to the Gulf contain missile technology that could violate international conventions or be re-transferred to countries with which the United States is at odds. Few experts believe that, absent a major Arab-Israeli war, the Gulf states would seek conflict with Israel. Even if they were to do so, successive administrations have maintained that the Gulf states are too dependent on U.S. training, spare parts, and armament codes to be in a position to use sophisticated U.S.-made arms against Israel.¹⁵ The Foreign Relations Authorization Act of 1994-95 (P.L. 103-256, signed April 30, 1994) bars U.S. arms sales to any country that enforces the primary and secondary Arab League boycott of Israel. The Administration has waived the application of this law to the Gulf states every year since enactment.

Most of the GCC states are considered too wealthy to receive U.S. security assistance, including Foreign Military Financing (FMF) and excess defense articles (EDA). Only Bahrain and Oman – the two GCC states that are not members of the Organization of Petroleum Exporting Countries (OPEC) – receive significant amounts of U.S. assistance, which in Oman's case will include Foreign Military Financing (FMF) in FY2003. Saudi Arabia is receiving a nominal amount of International Military Education and Training funds (IMET) in FY2002 and FY2003 to lower the costs to the Saudi government of sending its military officers to U.S. schools. The move is intended to preserve U.S.-Saudi military-to-military ties over the longer term, amid fears of recent erosion in those ties.

Excess Defense Articles. Bahrain and Oman are eligible to receive EDA on a grant basis (Section 516 of the Foreign Assistance Act) and the UAE is eligible to buy or lease EDA. In 1998-99, Oman received 30 and Bahrain 48 U.S.-made M-60A3 tanks on a "no rent" lease basis. The Defense Department subsequently transferred title to the equipment to the recipients. Since July 1997, Bahrain has taken delivery of a U.S. frigate and an I- HAWK air defense battery as EDA. Bahrain is currently seeking a second frigate under this program.

Foreign Military Sales, FMS. Some of the major U.S. arms sales (foreign military sales, FMS) to the Gulf states, either in progress or under consideration, include the following.¹⁶

¹⁴Towle, Michael. "Senators Say They Now Support F-16 Sale." *Fort Worth Star-Telegram*. August 25, 1998.

¹⁵Ratnam, Gopal and Amy Svitak. "U.S. Would Keep Tight Rein on Missile Sold to Bahrain." *Defense News*, September 11, 2000.

¹⁶Information in this section was provided by the Defense Security Cooperation Agency (DSCA) in *Security Assistance Program Summaries* (unclassified) for each of the Gulf (continued...)

- ! The UAE historically has purchased its major combat systems from France, but UAE officials now appear to believe that arms purchases from the United States enhance the U.S. commitment to UAE security. In March 2000, the UAE signed a contract to purchase 80 U.S. F-16 aircraft, equipped with the Advanced Medium Range Air to Air Missile (AMRAAM), the HARM (High Speed Anti-Radiation Missile) anti-radar missile, and, subject to a UAE purchase decision, the Harpoon anti-ship missile system. The total sale value is estimated at over \$8 billion, including a little over \$2 billion worth of weapons, munitions, and services.¹⁷ The aircraft are in the process of being manufactured; deliveries have not begun. Congress did not formally object to the agreement, although some Members initially questioned the inclusion of the AMRAAM as a first introduction of that weapon into the Gulf region. The Clinton Administration satisfied that objection by demonstrating that France had already introduced a similar system in an arms deal with Qatar. On July 18, 2002, the Administration notified Congress it would upgrade the UAE's 30 AH-64 Apache helicopter gunships (bought during 1991-94) with the advanced "Longbow" fire control radar. The UAE is evaluating the Patriot PAC-III theater missile defense system, as well as a Russian equivalent, to meet its missile defense requirements.
- ! Saudi Arabia is still absorbing about \$14 billion in purchases of U.S. arms during the Gulf war, as well as post-war buys of 72 U.S.-made F-15S aircraft (1993, \$9 billion value), 315 M1A2 Abrams tanks (1992, \$2.9 billion), 18 Patriot firing units (\$4.1 billion) and 12 Apache helicopters. Few major new U.S. sales are on the horizon, and the Defense Security Cooperation Agency (DSCA) says Saudi Arabia is not, at this point, considering ordering any more F-15's. In July 2000, the United States proposed a sale to Saudi Arabia of up to 500 AMRAAM missiles and related equipment and services, at an estimated cost of \$475 million, to outfit their F-15s. Congress did not attempt to block the sale.
- ! Based on comments from Kuwaiti officials in July 2002, a long-stalled agreement to sell Kuwait 16 Apache helicopters, equipped with the Longbow fire control system, is imminent. A U.S. offer to sell Kuwait 48 U.S.-made M109A6 "Palladin" artillery systems, (worth about \$450 million) was withdrawn in July 2000. The sale had languished for about two years because of opposition from several members of Kuwait's National Assembly, who believed that the purchase primarily represented an attempt to curry political favor with the United States. According to DSCA, Kuwait is considering purchasing additional F/A-18 aircraft to complement its existing fleet of 40 of those aircraft. Kuwait also bought 5 Patriot firing units in 1992 and 218 M1A2 Abrams tanks in 1993.

¹⁶(...continued)
states. July - September 2000.

¹⁷ See CRS Report 98-436, *United Arab Emirates: U.S. Relations and F-16 Aircraft Sale*. Updated June 15, 2000, by Kenneth Katzman and Richard F. Grimmett. Transmittal notices to Congress, No. DTC 023-00, April 27, 2000; and 98-45, September 16, 1998.

- ! In 1998, Bahrain purchased 10 F-16s from new production at a value of about \$390 million; delivery began in early 2001. In late 1999, the Administration, with congressional approval, agreed to sell Bahrain up to 26 AMRAAMs, at a value of up to \$69 million, but delivery has been delayed by the war in Afghanistan, according to DSCA. Among the more controversial sales to a Gulf state, in August 2000 Bahrain requested to purchase 30 Army Tactical Missile Systems (ATACMs), a system of short-range ballistic missiles fired from a multiple rocket launcher. The Defense Department told Congress the version sold to Bahrain would not violate the rules of the Missile Technology Control Regime (MTCR),¹⁸ an effort to allay congressional concerns that the sale would facilitate the spread of ballistic and cruise missiles in the Gulf.¹⁹ In addition, the Administration proposed a system of joint U.S.-Bahraini control of the weapon under which Bahraini military personnel would not have access to the codes needed to launch the missile.²⁰ Bahrain accepted that control formula, and delivery is to begin in July 2003. In March 2002, President Bush issued Presidential Determination 2002-10 designating Bahrain a "major non-NATO ally," a designation that will open Bahrain to a wider range of U.S. arms that can be sold to it in the future.

- ! Although Qatar has traditionally been armed by France and Britain, the Foreign Minister said in mid-1997 that it is "probable" that Qatar will buy arms from the United States in the future. No major U.S. sales seem imminent, but DSCA says that Qatar is expressing interest in a few U.S. systems including the Patriot (PAC-III), the M1A2 Abrams tank, a Low Altitude Surveillance System (LASS), and the Harpoon system. The United States has told Qatar it is eligible to buy the ATACM system (see above) because the Administration has approved Bahrain for purchases of that system, but Qatar has not requested to purchase the ATACM to date.

- ! Oman has traditionally purchased mostly British weaponry, reflecting British influence in Oman's military, and the British military's mentoring and advisory relationship to Qaboos. In October 2001, in an indication of waning British influence, the United States announced that Oman will buy 12 F-16 A/B aircraft, at an estimated value of \$1.1 billion. However, with its funds limited over the past few years, Oman has had to refurbish British-built aircraft already in its possession. Oman does not appear to be considering the purchase of any other major U.S. systems at this time, although it has requested some items be supplied as EDA, including patrol boats to combat smuggling.

¹⁸The MTCR commits member states not to transfer to non-member states missiles with a range of more than 300 km, and a payload of more than 500 kilograms. Turkey, Greece, and South Korea are the only countries to have bought ATACMs from the United States.

¹⁹Ratnam, Gopal and Amy Svitak. "U.S. Would Keep Tight Rein on Missile Sold to Bahrain." *Defense News*, September 11, 2000.

²⁰*Ibid.*

Joint Security/ “Cooperative Defense Initiative”. The United States has encouraged the GCC countries to increase military cooperation among themselves, building on their small (approximately 5,000 personnel) Saudi-based force known as Peninsula Shield, formed in 1981. Peninsula Shield did not react militarily to the Iraqi invasion of Kuwait, exposing the force's deficiencies. After the war, manpower shortages and disagreements over command of the force prevented the GCC states from agreeing to a post-Gulf war Omani recommendation to boost Peninsula Shield to 100,000 men. Gulf state suspicions of Syria and Egypt prevented closer military cooperation with those countries, as envisioned under the March 1991 "Damascus Declaration." In September 2000, the GCC states agreed in principle to increase the size of Peninsula Shield to 22,000.²¹ It should be noted that the GCC states have announced similar agreements to expand Peninsula Shield in the past without implementation, and that no timetable has been set for reaching the targeted level of strength. In a further step, at their summit in December 2000, the GCC leaders signed a “defense pact” that presumably would commit them to defend each other in case of attack.

The GCC states have made some incremental progress in linking their early warning radar and communication systems. In early 2001, the GCC inaugurated its “Belt of Cooperation” network for joint tracking of aircraft and coordination of air defense systems, built by Raytheon. The Belt of Cooperation is expected to eventually include a link to U.S. systems. The project is part of the United States’ “Cooperative Defense Initiative” to integrate the GCC defenses with each other and with the United States. Another part of that initiative is U.S.-GCC joint training to defend against a chemical or biological attack, as well as more general joint military training and exercises.²² The Cooperative Defense Initiative is a scaled-back version of an earlier U.S. idea to develop and deploy a GCC-wide theater missile defense (TMD) system that could protect the Gulf states from Iran's increasingly sophisticated ballistic missile program and from any retained Iraqi ballistic missiles.²³ The Department of Defense, according to observers, envisioned this system under which separate parts (detection systems, intercept missiles, and other equipment) of an integrated TMD network would be based in the six different GCC states. That concept ran up against GCC states’ financial constraints, differing perceptions among the Gulf states, some level of mistrust among them, and the apparent UAE preference for Russian made anti-missile/air defense systems.²⁴ As noted in **Table 3** above, Kuwait and Saudi Arabia have Patriot anti-missile units of their own; the other four GCC states have no advanced missile defenses.

²¹"GCC States Look to Boost 'Peninsula Shield' Force to 22,000." *Agence France Press*, September 13, 2000.

²²Press Conference with Secretary of Defense William Cohen. Office of the Assistant Secretary of Defense (Public Affairs), April 8, 2000.

²³Under Resolution 687, Iraq is allowed to retain and continue to develop missiles with a range of up to 150 km, which would put parts of Kuwait and Saudi Arabia within range of Iraq, even if Iraq abides completely by the provisions of the resolution.

²⁴Finnegan, Philip. "Politics Hinders Joint Gulf Missile Defense." *Defense News*, March 22, 1999.

Prospects and Challenges

U.S. Gulf policy faces numerous uncertainties as the Bush Administration moves toward decisions on how to implement its policy of regime change for Iraq. Fearing an imminent U.S. offensive, Iraq might decide to allow a resumption of U.N. weapons inspections, a move that could further undermine international support for major military action against Iraq. . Alternately, Iraq might accelerate efforts to rebuild its WMD programs, hoping that doing so could deter a U.S. military attack. Some speculate Iraq might try to develop new terrorist options to deter or retaliate for U.S. military action.

In Iran, the Administration faces the consequences of its apparent decision to support reformists within or outside the political structure rather than try to engage Khatemi's government directly. One possible consequence of the U.S. stance is that reformers might respond by seeking to overthrow the current political system entirely, throwing Iran into instability. Another possibility is that Khatemi's authority might erode further in favor of factions who fear potential hostilities with the United States and who might want to accelerate Iran's WMD programs. The Bush Administration is closely watching the construction of the nuclear plant at Bushehr. It may face a decision whether to prevent the plant from becoming operational - either through military or other means - or whether to accept the proliferation risks posed by the plant. Other questions remain about how to curb Iranian support to Palestinian and other groups engaged in violence or terrorism against Israel.

The Administration faces major questions about the course of its relations with the Gulf states. One significant unknown is whether or not Gulf public sympathies with the Palestinians and Iraq will cause the Gulf regimes to refuse to cooperate with any U.S. military offensive against Iraq. The Gulf states already have faced some internal pressure to downplay their involvement in containing Iraq, because Iraq is increasingly perceived in the Gulf as unjustly victimized by U.S. and international sanctions. The Iraq issue aside, the Gulf states' long term commitment to cooperating with the United States against Al Qaeda is also uncertain. According to numerous but largely anecdotal accounts, Gulf publics tend to agree with Al Qaeda's stated grievances against the United States, although not necessarily with its terrorist tactics.

Appendix 1. Gulf State Populations, Religious Composition

Country	Total Population	Number of Non-Citizens	Religious Composition
Iran	66.1 million	607,000	89% Shia; 10% Sunni; 1% Bahai, Jewish, Christian, Zoroastrian
Iraq	23.3 million	—	60-65% Shia; 32-37% Sunni; 3% Christian or other
Saudi Arabia	22.7 million	5.3 million	90% Sunni; 10% Shia
Kuwait	2.04 million	1.16 million	45% Sunni; 40% Shia; 15% Christian, Hindu, other
United Arab Emirates	2.4 million	1.58 million	80% Sunni; 16% Shia; 4% Christian, Hindu, other
Bahrain	645,300	228,600	75% Shia; 25% Sunni
Qatar	769,000	516,000	95% Muslim; 5% other
Oman	2.6 million	527,000	75% Ibadhi Muslim; 25% Sunni and Shia Muslim, and Hindu

Source: Central Intelligence Agency World Factbook, 2001. Population figures are estimates as of July 2001. Most, if not all, non-Muslims in GCC countries are foreign expatriates.

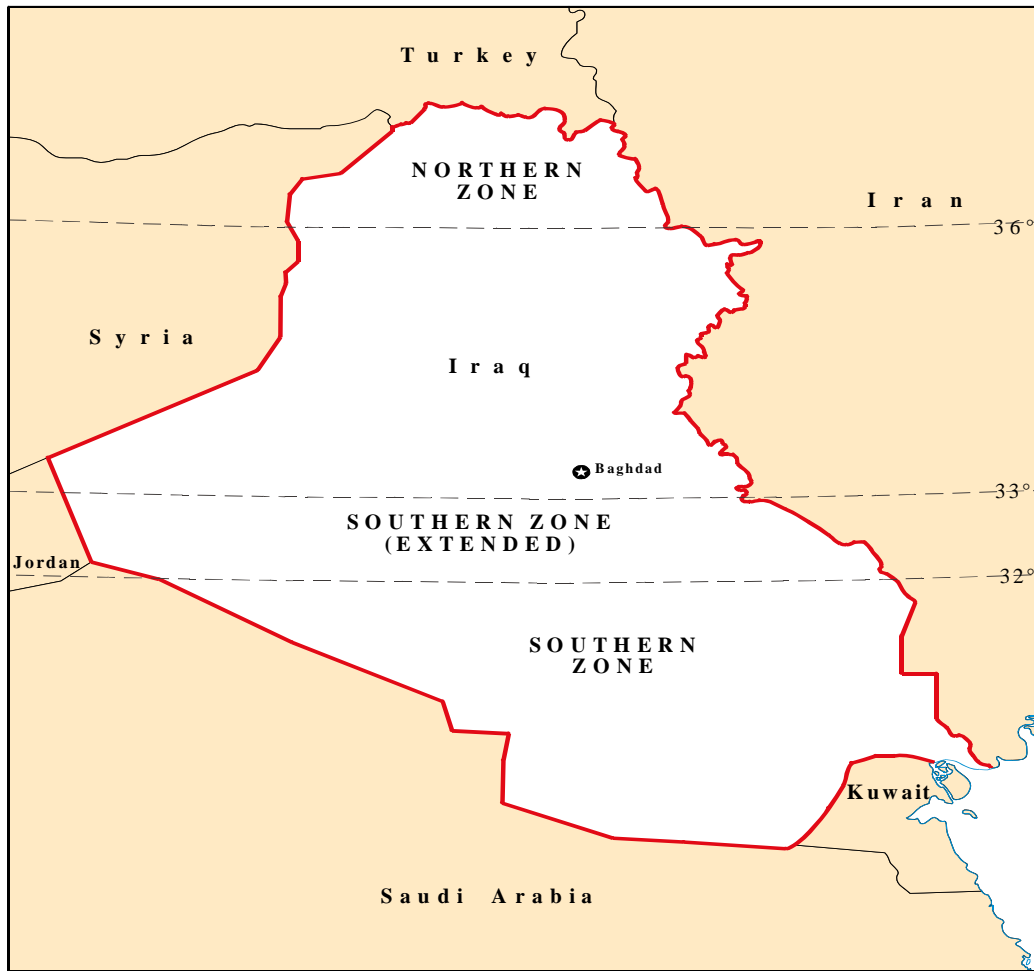
Appendix 2. UNSCOM Accomplishments and Unresolved Issues

Weapons Category	Accomplishments	Unresolved Issues
Overall Status: Nuclear	IAEA reports Iraq's nuclear program dismantled and rendered harmless (April and October 1998 reports)	Questions remain about nuclear design drawings, documents, and fate of some equipment
Nuclear Fuel	All removed by IAEA	—
Nuclear Facilities	Dismantled by IAEA	—
Suppliers	IAEA says it has assembled a picture of Iraq's nuclear suppliers	Most of 170 technical reports from a German supplier unaccounted for
Overall Status: Chemical	Declared munitions, chemical precursors destroyed by UNSCOM	Most outstanding questions involve Iraqi production of VX nerve agent
VX nerve agent	Iraq admits producing 4 tons	No verification of the fate of the agent
VX precursor chemicals	191 tons verified as destroyed	About 600 tons unaccounted for, enough to make 200 tons of VX
Other chemical munitions	38,500 found and destroyed by UNSCOM	Fate of 31,600 munitions, 550 mustard shells, and 107,000 chemical casings unaccounted for
Chemical Weapons Agents	690 tons found and destroyed by UNSCOM	3,000 tons unaccounted for
Precursor Chemicals	3,000 tons found and destroyed by UNSCOM	4,000 tons unaccounted for
Chemical Monitoring	170 sites monitored during UNSCOM tenure	No monitoring since UNSCOM departure
Overall Status: Biological Program	UNSCOM has obtained Iraqi admissions that it had a biological warfare program	UNSCOM says most work remains in this category; no biological weapons found by UNSCOM
Biological Agents	Iraq admitted producing 19,000 liters of botulinum; 8,400 liters of anthrax; and 2,000 liters of aflatoxin and clostridium	No verification of destruction or amounts produced
Munitions	Iraq admits loading biological weapons onto 157 bombs	No verification of bomb destruction; fate of additional 500 parachute-dropped bombs unknown

Weapons Category	Accomplishments	Unresolved Issues
Agent Growth Media	Supplier records show 34 tons imported	4 tons unaccounted for
Delivery Equipment	Iraq admits testing helicopter spraying equipment and drop tanks	Fate of these systems unknown
Production Facilities	Salman Pak facility buried by Iraq before inspections; Al Hakam bulldozed by UNSCOM	UNSCOM notes that biological agents can be produced in very small facilities
Monitoring	86 sites monitored during UNSCOM tenure	No monitoring since UNSCOM departure
Overall Status: Ballistic Missiles	Almost all imported missiles accounted for	Questions about Iraq's indigenous missile production remain
Imported Scud Missiles	UNSCOM says it has accounted for 817 of 819 Scuds imported from Russia	Two Scuds missing by UNSCOM accounting; U.S. and Britain believe 10-12 Scuds still unaccounted for
Chemical/Biological Warheads	75 warheads declared. 30 destroyed by UNSCOM, and at least 43 others, including 25 biological warheads, verified as destroyed	Two declared chemical warheads may be missing. Undeclared chem/bio warheads may exist
Imported Conventional Warheads	Iraq admits importing 50 Scud warheads for high explosives	Warheads unaccounted for
Indigenously-produced Missiles	—	30 warheads and 7 missiles unaccounted for
Missile Propellant	—	300 tons unaccounted for
Production Equipment	Iraq admits having 150 tons of equipment	Fate unknown
Monitoring	63 sites monitored during UNSCOM tenure	Missiles of up to 150 km range permitted. U.S. reports note permitted programs can benefit research on prohibited-range missiles.

Source: The information in this table is derived from reports to the U.N. Security Council by the U.N. Special Commission on Iraq (UNSCOM) and the International Atomic Energy Agency (IAEA).

Appendix 3. No Fly Zones in Iraq



Adapted by CRS from Magellan Geographix. Used with permission.

Northern No Fly Zone Established April 1991

Southern No Fly Zone (South of 32nd Parallel) Established August 1992

Southern No Fly Zone Extended to 33rd Parallel Established September 1996

Appendix 4. Map of the Persian Gulf Region and Environs



Adapted by CRS from Magellan Geographix. Used with permission.

Report for Congress

Received through the CRS Web

Nuclear, Biological, Chemical, and Missile Proliferation Sanctions: Selected Current Law

Updated July 15, 2002

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Nuclear, Biological, Chemical, and Missile Proliferation Sanctions: Selected Current Law

Summary

The use of economic sanctions to stem weapons proliferation acquired a new dimension in the 1990s. While earlier legislation required the cutoff of foreign aid to countries engaged in specified nuclear proliferation activities and mentioned other sanctions as a possible mechanism for bringing countries into compliance with goals of treaties or international agreements, it was not until 1990 that Congress enacted explicit guidelines for trade sanctions related to missile proliferation. In that year a requirement for the President to impose sanctions against U.S. persons or foreign persons engaging in trade of items or technology listed in the Missile Technology Control Regime Annex (MTCR Annex) was added to the Arms Export Control Act and to the Export Administration Act of 1979. Subsequently, Congress legislated economic sanctions against countries that contribute to the proliferation of chemical, biological, and nuclear weapons in a broad array of laws.

This report offers a listing and brief description of legal provisions that require or authorize the imposition of some form of economic sanction against countries, companies, or persons who violate U.S. nonproliferation norms. For each provision, information is included on what triggers the imposition of sanctions, their duration, what authority the President has to delay or abstain from imposing sanctions, and what authority the President has to waive the imposition of sanctions.

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Nuclear, Biological, Chemical, and Missile Proliferation Sanctions: Selected Current Law

The use of economic sanctions to stem weapons proliferation acquired a new dimension in the 1990s.¹ While earlier legislation required the cutoff of foreign aid to countries engaged in specified nuclear proliferation activities and mentioned other sanctions as a possible mechanism for bringing countries into compliance with goals of treaties or international agreements,² it was not until 1990 that Congress enacted explicit guidelines for trade sanctions related to missile proliferation. In that year a requirement for the President to impose sanctions against U.S. persons or foreign persons engaging in trade of items or technology listed in the Missile Technology Control Regime Annex (MTCR Annex) was added to the Arms Export Control Act and to the Export Administration Act of 1979. Subsequently, Congress legislated economic sanctions against countries that contribute to the proliferation of chemical, biological, and nuclear weapons in a broad array of laws.

This report offers an alphabetic listing and brief description of legal provisions that require or authorize the imposition of some form of economic sanction against countries, companies, or persons who violate U.S. nonproliferation norms.³ For each provision, information is included on what triggers the imposition of sanctions, their duration, what authority the President has to delay or abstain from imposing sanctions, and what authority the President has to waive the imposition of sanctions.

Of the several legislative proposals before the 107th Congress that pertain to or have some implication for the control of weapons of mass destruction, the following bills relate to nonproliferation and have implications for the use of sanctions in foreign policy or national security matters:

¹ For a more general discussion on the use of sanctions in foreign policy, see Rennack, Dianne E. and Robert D. Shuey. *Economic Sanctions to Achieve U.S. Foreign Policy Goals: Discussion and Guide to Current Law*. CRS Report 97-949.

² The International Atomic Energy Act of 1954 and the Nuclear Non-Proliferation Act of 1978 sought to increase international participation in and adherence with the International Atomic Energy Agency and Nuclear Non-Proliferation Treaty, respectively, and, to that end, authorized the President to enter into international discussions, including the imposition of sanctions against those who abrogate or violate these international agreements.

³ The list is arranged alphabetically, with references to the U.S. Code and *Legislation on Foreign Relations* where applicable. Legislative history of pertinent amendments is also given, in italics.

H.R. 1646	<p>House passed version: Foreign Relations Authorization Act for Fiscal Years 2002 and 2003 [May 16, 2001]</p> <ul style="list-style-type: none"> – Sec. 701 amends Iran Nonproliferation Act of 2000 (reporting requirements and technical changes) – Sec. 702 amends North Korea Threat Reduction Act of 1999 (expansion of applicability) – Title IX, Iran Nuclear Proliferation Prevention Act of 2001 <ul style="list-style-type: none"> – Sec. 902 withholds U.S. voluntary contribution to the International Atomic Energy Agency for work in Iran (amending sec. 307 of the Foreign Assistance Act of 1961) – Sec. 903 requires U.S. representatives to the IAEA to oppose any IAEA efforts in Iran that are contrary to U.S. nuclear nonproliferation or nuclear safety goals. <p>Senate-passed version: Security Assistance Act of 2002 [May 1, 2002]</p> <ul style="list-style-type: none"> – Sec. 205 amends Arms Export Control Act at sec. 40(d) to make restrictive language applicable also to those engaged in transferring chemical, biological, and radiological agents (current language pertains to the transfer of nuclear explosive devices and nuclear material). – Sec. 321 makes the availability of programs and funding under the proposed “Russian Federation Debt Reduction for Nonproliferation Act of 2001” conditional on Russia’s stemming the flow of sensitive goods and technology related to weapons of mass destruction (or the means to deliver WMD) to countries found by the United States to be supporters of international terrorism. <p><i>Current status: Senate appointed conferees, May 1, 2002.</i></p>
H.R. 3836	<p>Russian Federation Debt Reduction for Nonproliferation Act of 2001.</p> <ul style="list-style-type: none"> – Same as title III of Senate-passed Security Assistance Act of 2002, described above. <p><i>Current status: referred to House Committee on International Relations, March 4, 2002.</i></p>

Selected Current Law: Sanctions Provisions

18 U.S.C. (relating to criminal procedure)⁴

18 U.S.C. 229-229F (part I, chapter 11) makes it generally unlawful for a person knowingly “(1) to develop, produce, otherwise acquire, transfer directly or indirectly, receive, stockpile, retain, own, possess, or use, or threaten to use, any chemical weapon; or (2) to assist, induce, in any way, any person to violate paragraph (1), or to attempt or conspire to violate paragraph (1).” The sections establish criminal and civil penalties, and terms of criminal forfeiture.

⁴ *Legislation on Foreign Relations Through 2000*, vol. II, page 880.

Sec. 201 of the Chemical Weapons Convention Implementation Act of 1998 (Division I of Public Law 105-277; approved October 21, 1998) enacted these sections to bring the criminal and civil penalties section of United States Code into conformity with the requirements of the Chemical Weapons Convention. Sec. 211 of that Act, furthermore, authorized the President to suspend or revoke export privileges of anyone found in violation of 18 U.S.C. 229.

18 U.S.C. 2332a makes it an offense to use, threaten to use, attempt or conspire to use certain weapons of mass destruction (WMD) against a national of the United States or within the United States. Weapons of mass destruction include a range of destructive devices, defined in 18 U.S.C. 921, and “any biological agent, toxin, or vector.” One found to have used a WMD for such use “shall be imprisoned for any term of years or for life, and if death results, shall be punished by death or imprisoned for any term of years or for life.”

Sec. 60023(a) of Public Law 103-322 (108 Stat. 1980) added sec. 2332a. The section was substantially reworked by the Antiterrorism and Effective Death Penalty Act of 1996 (Public Law 104-132; approved April 24, 1996). The Chemical Weapons Convention Implementation Act of 1998 (Division I of Public Law 105-277; approved October 21, 1998) exempted chemical weapons from application of this section of 18 U.S.C., and in its place enacted chapter 11B of part I of 18 U.S.C. (secs. 229 through 229F, above) to establish criminal and civil penalties in conformity with the Chemical Weapons Convention. The Public Health Security and Bioterrorism Preparedness and Response Act of 2002 (Public Law 107-188; approved June 12, 2002) made technical changes.

Arms Export Control Act⁵

The Arms Export Control Act (AECA), as amended, authorizes U.S. government military sales, loans, leases, and financing, and licensing of commercial arms sales to other countries. The AECA coordinates such actions with other foreign policy considerations, including nonproliferation, and determines eligibility of recipients for military exports, sales, leases, loans, and financing.

Section 3(f) (Eligibility; 22 U.S.C. 2753(f)) prohibits U.S. military sales or leases to any country that the President determines is in material breach of binding commitments to the United States under international treaties or agreements regarding nonproliferation of nuclear explosive devices and unsafeguarded special nuclear material.

Subsec. (f) was added by sec. 822(a)(1) of the Nuclear Proliferation Prevention Act of 1994 (title VIII of the Foreign Relations Authorization Act, Fiscal Years 1994 and 1995; Public Law 103-236; approved April 30, 1994).

Section 38 (Control of Arms Exports and Imports; 22 U.S.C. 2778) authorizes the President to control the import and export of defense articles and

⁵ Public Law 90-629; approved October 22, 1968; 22 U.S.C. 2751 and following. *Legislation on Foreign Relations Through 2001*, vol. I-A, p. 367.

services, to provide foreign policy guidelines to U.S. importers/exporters, and to promulgate the United States Munitions List constituting what defense articles and services are regulated. Section 38(c) establishes that any person who willfully violates any provision of the section (or of section 39 relating to the reporting of fees, contributions, gifts, and commissions paid by those involved in commercial sales of defense articles or services) may be fined not more than \$1 million, imprisoned not more than ten years, or both. Section 38(e) gives the Secretary of State the authority to assess civil penalties and initiate civil actions against violators; any civil penalty for violations under this section is capped at \$500,000. Section 38(j) authorizes the President to exempt a foreign country from licensing requirements under the AECA when that country commits to a binding bilateral agreement with the United States to establish export controls on a par with export controls in U.S. law and regulations.

Section 38 was added by sec. 212(a)(1) of the International Security Assistance and Arms Export Control Act of 1976 (Public Law 94-329; approved June 30, 1976). Subsec. (c) was added by the 1976 amendment; the fine and imprisonment terms were amended, however, by sec. 119(a) of the International Security and Development Cooperation Act of 1985 (Public Law 99-83; approved August 8, 1985). Formerly, fine was “not more than \$100,000,” and period of imprisonment was not more than two years. Subsec. (e) was added by the 1976 amendment. Sec. 119(b) of Public Law 99-83, in 1985, however, added the language that caps civil penalties, and sec. 1303 of the Arms Control, Nonproliferation and Security Assistance Act of 1999 (division B of the Nance/Donovan Foreign Relations Authorization Act, FY 2000-2001; H.R. 3427, enacted by reference in Public Law 106-113), gave civil action authority to the Secretary of State. Previously the section referred to such authority in the Export Administration Act, which resides with the Secretary of Commerce and was capped in that Act at \$100,000. Sec. 102(a) of the Security Assistance Act of 2000 (Public Law 106-280; approved October 6, 2000) added subsec. (j).

Section 40 (Transactions With Countries Supporting Acts of International Terrorism; 22 U.S.C. 2780) prohibits exporting or otherwise providing munitions, providing financial assistance to facilitate transfer of munitions, granting eligibility status for such transfers, issuing licenses for such transfers, or otherwise facilitating the acquisition of munitions to a country the government of which “has repeatedly provided support for acts of international terrorism.” The section includes in its definition of acts of international terrorism, “all activities that the Secretary [of State] determines willfully aid or abet the international proliferation of nuclear explosive devices to individuals or groups or willfully aid or abet an individual or groups in acquiring unsafeguarded special nuclear material.”⁶

The President may rescind the Secretary’s determination (sec. 40(f)) by reporting to the Speaker of the House and the Chairman of the Senate Foreign Relations Committee, before issuing the rescission, that the leadership and policies of the country in question have changed, the government is not supporting international terrorism, and the government has issued assurances that it will not

⁶ See also sec. 544 of the Kenneth M. Ludden Foreign Operations, Export Financing, and Related Programs Appropriations Act, 2002 (P.L. 107-115; 115 Stat. 2155).

support international terrorism in the future. Congress may block the rescission of the terrorist determination by enacting a joint resolution. The President, however, may unilaterally waive any or all of the prohibitions in this section if he determines to do so is essential to the national security interests of the United States, and so reports to Congress.

Those found to be in violation of the section face criminal prosecution with penalties of as much as a \$1 million fine and imprisonment of not more than ten years. Civil penalties for violations under this section, similar to those in sec. 38, are capped at \$500,000; the Secretary of State has the authority to assess civil penalties and initiate civil actions against violators.

Section 40 was added by the Omnibus Diplomatic Security and Antiterrorism Act of 1986 (Public Law 99-399; approved August 27, 1986), and later amended and restated by the Anti-Terrorism and Arms Export Amendments Act of 1989 (Public Law 101-222; approved August 27, 1986). Sec. 822(a)(2)(A) of the Nuclear Proliferation Prevention Act of 1994 (title VIII of the Foreign Relations Authorization Act, Fiscal Years 1994 and 1995; Public Law 103-236; approved April 30, 1994) added a definition of acts of international terrorism that would lead the Secretary of State to make a determination. The same section added definitions “nuclear explosive device” and “unsafeguarded special nuclear material”. Sec. 321 of the Foreign Relations Authorization Act, Fiscal Years 1992 and 1993 (Public Law 102-138; approved October 28, 1991) made technical changes to the guidelines for Congress’s passage of a joint resolution relating to the section. Sec. 1303 of the Arms Control, Nonproliferation and Security Assistance Act of 1999 (division B of the Nance/Donovan Foreign Relations Authorization Act, FY 2000-2001; H.R. 3427, enacted by reference in Public Law 106-113), gave civil action authority to the Secretary of State. Previously the section referred to such authority in the Export Administration Act, which resides with the Secretary of Commerce and was capped in that Act at \$100,000.

Sections 72 and 73 (Denial of the Transfer of Missile Equipment or Technology by U.S. Persons; 22 U.S.C. 2797a; Transfers of Missile Equipment or Technology by Foreign Persons; 2797b), require sanctions against any U.S. citizen or any foreign person whom the President determines to be engaged in exporting, transferring, conspiring to export or transfer, or facilitating an export or transfer of, any equipment or technology identified by the Missile Technology Control Regime (MTCR) that “contributes to the acquisition, design, development, or production of missiles in a country that is not an MTCR adherent ...”

Sanctions vary with the type of equipment or technology exported, and are increasingly severe where the type of equipment or technology is more controlled. Worst-case sanctions may be imposed for not less than two years, and include denial of U.S. government contracts, denial of export licenses for items on the U.S. Munitions List, and a prohibition on importation into the United States.

The law allows several exceptions, wherein some or all of the sanctions may not be imposed against foreign persons:

- ! if an MTCR adherent with jurisdictional authority finds the foreign person innocent of wrongdoing in relation to the transaction;
- ! if the State Department issues an advisory opinion to the individual stating that a transaction would not result in sanctions;
- ! if the export, transfer, or trading activity is authorized by the laws of an MTCR adherent and not obtained by misrepresentation or fraud, except when the activity in question is conducted by an entity subordinate to a government of an independent state of the former Soviet Union, and when the President determines that government has knowingly transferred missiles or missile technology in a manner inconsistent with MTCR guidelines;
- ! if the export, transfer, or trade is made to an end-user in a country that is an MTCR adherent;
- ! in the case of foreign persons fulfilling contracts for defense services or defense articles; then the President will not prohibit importations if
 - the articles or services are considered essential to U.S. national security,
 - the President determines that the provider is a sole supplier and the articles or services are essential to U.S. national security, or
 - the President determines that the articles or services are essential to U.S. national security under defense cooperation agreements or NATO Programs of Cooperation;
- ! in the case of foreign persons importing products or services into the United States in fulfillment of contracts entered into before the President announces intentions to impose sanctions, then the President will not prohibit importations; or
- ! in the case of foreign persons providing spare parts, component parts essential to U.S. products or production, routine service and maintenance, essential information and technology.

Sanctions are not imposed, or those imposed may be lifted, against individuals when the President certifies that a foreign government, which is an MTCR adherent, has adequately attended to the violation through some judicial process or enforcement action.

The President may waive the sanction, for either a U.S. citizen or foreign person, if he certifies to Congress that it is essential to the national security of the United States, or that the individual provides a product or service essential to U.S. national security, and that person is sole provider of the product or service.

Section 1703 of the National Defense Authorization Act for Fiscal Year 1991 (Public Law 101-510; approved November 5, 1990) added sections 71-74. In section 72, sec. 734(a) of the Foreign Relations Authorization Act, Fiscal Years 1994 and 1995 (Public Law 103-236; approved April 30, 1994), added paragraph about “presumption” in guidelines for Presidential determination on transfers of MTCR Annex materials. In sec. 73, sec. 323(a) of the Foreign Relations Authorization Act, Fiscal Years 1992 and 1993 (Public Law 102-138; approved October 28, 1991), added assisting another country in acquiring missiles to the list of sanctionable acts; sec. 1136 of the Arms Control and Nonproliferation Act of 1999 (title XI of the Nance/Donovan Foreign Relations Authorization Act, Fiscal Years 2000 and 2001; H.R. 3427, enacted by reference in Public Law 106-113; approved November 29, 1999) added potential limitation on independent states of the former Soviet Union and the President’s certification pertaining to judicial attention by MTCR adherents. Sec. 734(b) of the Foreign Relations Authorization Act, Fiscal Years 1994 and 1995 added the Director of the Arms Control and Disarmament Agency to those with whom the Secretary of State consults when administering the policy. This language, however, was struck out to conform with agency reorganization, particularly that of ACDA being incorporated into the State Department, by sec. 1136 of the Arms Control and Nonproliferation Act of 1999. Sec. 1408 of the National Defense Authorization Act for Fiscal Year 1996 (Public Law 104-106; approved February 10, 1996) made technical changes to reporting requirements relating to issuing a waiver.

Section 73B (Authority Relating to MTCR Adherents; 22 U.S.C. 2797b-2) authorizes the President to impose sanctions against a foreign person, notwithstanding that person’s operating in compliance with the laws of an MTCR adherent or that person exporting to an end-user in a country that is an MTCR adherent, if the country of jurisdiction over that foreign person is a country (1) that has entered into an understanding with the United States after January 1, 2000, (2) for which the United States retains the right to impose sanctions against those in the country’s jurisdiction for exporting of controlled items that contribute to the acquisition, design, development, or production of missiles in a country that is not an MTCR adherent.

Sec. 1137 of the Arms Control and Nonproliferation Act of 1999 (title XI of the Nance/Donovan Foreign Relations Authorization Act, Fiscal Years 2000 and 2001; H.R. 3427, enacted by reference in Public Law. 106-113; approved November 29, 1999) added sec. 73B, and made supporting amendments in sec. 73 relating to conditions of applicability, and sec. 74, defining “international understanding.”

Section 74 (Definitions; 22 U.S.C. 2797c) provides definitions of terms that also affect how the sanctions may be applied. For example, while the MTCR is a policy statement originally announced on April 16, 1987, by the United States, the United Kingdom, Germany, France, Italy, Canada, and Japan, the term “MTCR adherent” in this law is much more broadly defined, to include the countries that participate in the MTCR “or that, pursuant to an international understanding to which the United States is a party, controls MTCR equipment or technology in accordance

with the criteria and standards set forth in the MTCR.”⁷ Within that definition, the term “international understanding” has been further defined to limit its applicability or to make the President’s authority to impose sanctions broader. As another example, the term “person” has changed over time. The law formerly included as part of the definition of “person,” “countries where it may be impossible to identify a specific governmental entity.” This has been amended to refer to “countries with non-market economies (excluding former members of the Warsaw Pact).” The same definition formerly restricted government activity relating to development of aircraft; this now refers specifically to military aircraft.

Sec. 323 of the Foreign Relations Authorization Act, Fiscal Years 1992 and 1993 (Public Law 102-138; approved October 28, 1991) amended the definition of “person” to target China—the “Helms amendment,” and narrowed the definition of “person” to include activities of a government affecting the development of, among other things, “military aircraft” (formerly referred to “aircraft”). Sec. 1136(a) of the Arms Control and Nonproliferation Act of 1999 (title XI of the Nance/Donovan Foreign Relations Authorization Act, Fiscal Years 2000 and 2001; H.R. 3427, enacted by reference in Public Law 106-113; approved November 29, 1999) added the definition of “international understanding,” a term used in the course of defining “MTCR adherent.”

Section 81 ([CBW] Sanctions Against Foreign Persons; 22 U.S.C. 2798) requires imposition of sanctions to deny government procurement, contracts with the U.S. government, and imports from foreign persons who knowingly and materially contribute, through exports from the United States or another country, or through other transactions, to foreign efforts to use, develop, produce, stockpile, or otherwise acquire chemical or biological weapons. Foreign persons are sanctionable if the recipient country has used chemical or biological weapons in violation of international law, has used chemical or biological weapons against its own people, or has made preparations to engage in such violations. Foreign persons are sanctionable if the recipient country has been determined to be a supporter of international terrorism, pursuant to section 6(j) of the Export Administration Act, or if the President has specifically designated the country as restricted under this section.

The President may delay the imposition of sanctions for up to 180 days if he is in consultation with the sanctionable person’s government to bring that government to take specific and effective steps to terminate the sanctionable activities. The President may not be required to impose sanctions if the sanctionable person otherwise provides goods needed for U.S. military operations, if the President determines that the sanctionable person is a sole source provider of some good or service, or if the President determines that goods and services provided by the sanctionable person are essential to U.S. national security under defense cooperation

⁷ See also sec. 73A of the AECA (22 U.S.C. 2797b-1), which requires the President to notify Congress when U.S. action results in any country becoming an MTCR adherent. The sections also requires an independent assessment to be submitted to Congress by the Director of Central Intelligence covering the newly designated MTCR adherent and several proliferation issues.

agreements. Exceptions are also made for completing outstanding contracts, the purchase of spare or component parts, service and maintenance otherwise not readily available, information and technology essential to U.S. products or production, or medical or other humanitarian items.

The President may terminate the sanctions after 12 months, if he determines and certifies to Congress that the sanctioned person no longer aids or abets any foreign government, project, or entity in its efforts to acquire biological or chemical weapons capability. The President may waive the application of a sanction after a year of its imposition, if he determines it is in U.S. national security interests to do so. Not less than 20 days before a national security waiver is issued, the President must notify Congress, fully explaining the rationale for waiving the sanction.

Sec. 81 was added by sec. 305 of the Chemical and Biological Weapons Control and Warfare Elimination Act of 1991 (title III of Public Law 102-182; approved December 4, 1991.)⁸

Section 101 (Nuclear Enrichment Transfers; 22 U.S.C. 2799aa) (similar to former section 669 of the Foreign Assistance Act of 1961) prohibits foreign economic or military assistance to any country that the President determines delivers or receives nuclear enrichment equipment, materials, or technology. The prohibition is not required if the countries involved in the transaction agree to place all materials, equipment, or technology under multilateral safeguard arrangements. The prohibition is not required, furthermore, if the recipient country has an agreement with the International Atomic Energy Agency (IAEA) regarding safeguards.

The President may waive the sanction if he determines, and certifies to the Speaker of the House and the Senate Committee on Foreign Relations, that denying assistance would have a serious adverse effect on vital U.S. interests, and he has been assured that the country in question will not acquire, develop, or assist others in acquiring or developing nuclear weapons. Congress may negate a certification by enacting a joint resolution stating its disapproval.

Sec. 826(a) of the Nuclear Proliferation Prevention Act of 1994 (title VIII of the Foreign Relations Authorization Act, Fiscal Years 1994 and 1995; Public Law 103-236; approved April 30, 1994) added secs. 101 and 102. Similar language, however, previously had been in the Foreign Assistance Act of 1961, as secs. 669 and 670. Sec. 669 was added by sec. 305 of the International Security Assistance and Arms Export Control Act of 1976 (Public Law 94-329; approved June 30, 1976). The section was amended and restated by sec. 12 of the International Security Assistance Act of 1977 (Public Law 95-92; approved August 4, 1977), which also added sec. 670 to the law. Sec. 669 was further amended by secs. 10(b)(4) and 12 of the

⁸ Two versions of the Chemical and Biological Weapons Control and Warfare Elimination Act of 1991 were enacted. Title V of the Foreign Relations Authorization Act, Fiscal Years 1992 and 1992 (Public Law 102-138; approved October 28, 1991) enacted the first. Later in the same session, title III of Public Law 102-182 (a trade act otherwise unrelated to nonproliferation issues) repealed the first version and enacted a new Chemical and Biological Weapons Control and Warfare Elimination Act of 1991. This report refers only to the second enactment—that which currently stands in law.

International Security Assistance Act of 1978 (Public Law 95-384; approved September 26, 1978). Sec. 737(b) of the International Security and Development Cooperation Act of 1981 (Public Law 97-113; approved December 29, 1981) amended and restated both secs. 669 and 670. Sec. 1204 of the International Security and Development Cooperation Act of 1985 (Public Law 99-83; approved August 8, 1985), made further changes to sec. 670 before both sections were repealed in 1994 and similar language was incorporated into the AECA.

Section 102 (Nuclear Reprocessing Transfers, Illegal Exports for Nuclear Explosive Devices, Transfers of Nuclear Explosive Devices, and Nuclear Detonations; 22 U.S.C. 2799aa-1) (similar to former section 670 of the Foreign Assistance Act of 1961) prohibits foreign economic or military assistance to countries that the President determines deliver or receive nuclear reprocessing equipment, material, or technology to or from another country; or any non-nuclear-weapon state that illegally exports, through a person serving as that country's agent, from the United States items that would contribute to nuclear proliferation.

The President may waive the sanction if he determines, and certifies to the Speaker of the House and the Senate Committee on Foreign Relations, that terminating assistance would adversely impact on the United States' nonproliferation objectives, or would jeopardize the common defense and security. Congress may negate a certification by enacting a joint resolution stating its disapproval.

The section further prohibits assistance (except humanitarian or food assistance), defense sales, export licenses for U.S. Munitions List items, other export licenses subject to foreign policy controls (except medicines or medical equipment), and various credits and loans (except Department of Agriculture credits and support to procure food and agriculture commodities) to any country that the President has determined (A) transfers a nuclear explosive device to a non-nuclear-weapon state; (B) is a non-nuclear-weapon state and either (i) receives a nuclear explosive device; or (ii) detonates an nuclear explosive device; (C) transfers to a non-nuclear-weapon state any design information or component that is determined by the President to be important to, and known by the transferring country to be intended by the recipient state for use in, the development or manufacture of any nuclear explosive devices; or (D) is a non-nuclear-weapon state and seeks and receives any design information or component that is determined by the President to be important to, and intended by the recipient state for use in, the development or manufacture of any nuclear explosive device.

In any of these latter four instances, sanctions are mandatory once the President has determined that an event has occurred. If the event has to do with transferring a nuclear explosive device to a non-nuclear-weapon state, or a non-nuclear-weapon state receiving or detonating a nuclear explosive device, the President may delay the imposition of sanctions for 30 days (of congressional continuous session) if he determines that the immediate imposition of sanctions "would be detrimental to the national security of the United States," and so certifies to the Speaker of the House and the Chairman of the Senate Committee on Foreign Relations.

If the President makes such a determination, he may further waive the imposition of sanctions if the Congress, within those 30 days after the first determination, takes up a joint resolution under expedited procedure,⁹ that states:

That the Congress having received on _____ a certification by the President under section 102(b)(4) of the Arms Export Control Act with respect to _____, the Congress hereby authorizes the President to exercise the waiver authority contained in section 102(b)(5) of that Act.

With passage of a joint resolution authorizing him to exercise further waiver authority, the President may waive any sanction which would otherwise be required in instances involving the transferring of a nuclear explosive device to a non-nuclear-weapon state, or a non-nuclear-weapon state receiving or detonating a nuclear explosive device. To exercise this waiver, the President determines and certifies in writing to the Speaker of the House and the Senate Committee on Foreign Relations “that the imposition of such sanction would be seriously prejudicial to the achievement of United State nonproliferation objectives or otherwise jeopardize the common defense and security.”

Alternatively, if Congress does not take up a relevant joint resolution within the 30 days, the sanctions enter into effect. Section 102 does not state the means for otherwise suspending or terminating the sanctions.¹⁰

For legislative history of the origin of and early changes to this section, see discussion following sec. 101, above. Sec. 2(a) of the Agriculture Export Relief Act of 1998 (Public Law 105-194; approved July 14, 1998) broadened the kinds of exchanges that are exempt from the application of sanctions to include medicine, medical equipment, and Department of Agriculture financing.¹¹

⁹ Sec. 601(b) of the International Security Assistance and Arms Export Control Act of 1976, Public Law 94-329. See *Legislation on Foreign Relations Through 2001*, vol. I-A, p. 635.

¹⁰ Sanctions under sec. 102 were applied to India and Pakistan after each country tested nuclear explosive devices in May 1998. Congress enacted four laws after the sanctions were imposed to ease their application or authorize the President to waive their application. See the Agriculture Export Relief Act of 1998 (P.L. 105-194; approved July 14, 1998), India-Pakistan Relief Act of 1998 (title IX of P.L. 105-277; approved October 21, 1998), the Department of Defense Appropriations Act, 2000, title IX (P.L. 106-79; approved October 25, 1999), and Public Law 107-57 (approved October 27, 2001; 115 Stat. 403), which provide foreign assistance relief to Pakistan through October 2003.

¹¹ Medicine and food were further exempted from the application of sanctions in most cases with the enactment of the Trade Sanctions Reform and Export Enhancement Act of 2000 Act (P.L. 106-387; approved October 28, 2000). For further discussion, see: Jurenas, Remy. *Exempting Food and Agriculture Products from U.S. Economic Sanctions: Status and Implementation*. CRS Issue Brief IB10061.

Atomic Energy Act of 1954¹²

The Atomic Energy Act of 1954 declares U.S. policy for the development, use, and control of atomic energy. The Act authorizes the Nuclear Regulatory Commission to oversee the export of special nuclear materials and nuclear technology in accordance with bilateral and international cooperation agreements negotiated by the Department of State. The Act defines the nature and requirements of those cooperative agreements and the procedure by which Congress reviews them. The Act states export licensing criteria for nuclear materials and sensitive equipment and technology.

Section 129 (Conduct Resulting in Termination of Nuclear Exports; 42 U.S.C. 2158) prohibits the transfer of nuclear materials, equipment, or sensitive technology from the United States to any non-nuclear-weapon state that the President finds to have detonated a nuclear explosive device, terminated or abrogated safeguards of the International Atomic Energy Agency (IAEA), materially violated an IAEA safeguards agreement, or engaged in manufacture or acquisition of nuclear explosive devices. The section similarly prohibits transfers to any country, or group of countries, that the President finds to have violated a nuclear cooperation agreement with the United States, assisted, encouraged, or induced a non-nuclear-weapon state to engage in certain activities related to nuclear explosive devices, or agreed to transfer reprocessing equipment, materials, or technology to a non-nuclear-weapon state, except under certain conditions.

The President may waive the restriction if he determines that the prohibition would hinder U.S. nonproliferation objectives or jeopardize the common defense and security. Sixty days before a determination is issued, the President is required to forward his reasons for waiving the sanctions to Congress, which may block the waiver by adopting a concurrent resolution. Congress may alternatively counter the Presidential determination with passage of a joint resolution within 45 days of the President's action.

Sec. 307 of the Nuclear Non-Proliferation Act of 1978 (Public Law 95-242; approved March 10, 1978) added sec. 129.

¹² Public Law 83-703, approved August 30, 1954, 42 U.S.C. 2011 and following. *Legislation on Foreign Relations Through 2000*, vol. II, p. 1819.

Public Law 99-183, a joint resolution approving an Agreement for Nuclear Cooperation Between the United States and China, (approved December 16, 1985; 99 Stat. 1174. *Legislation on Foreign Relations Through 2000*, vol. II, p. 1902), required Presidential certification that China was not violating section 129 of the Atomic Energy Act of 1954. On January 12, 1998, President Clinton made such a determination, also certifying that China had met nuclear weapons nonproliferation standards stated in section 902(a)(6)(B)(i) of Public Law 101-246 (22 U.S.C. 2151 note; often referred to as the "Tiananmen Square sanctions"). See Presidential Determination No. 98-10 (63 F.R. 3447; January 23, 1998).

Chemical and Biological Weapons Control and Warfare Elimination Act of 1991¹³

The Chemical and Biological Weapons Control and Warfare Elimination Act of 1991 mandates U.S. sanctions, and encourages international sanctions, against countries that use chemical or biological weapons in violation of international law.

*The Chemical and Biological Weapons Control and Warfare Elimination Act of 1991 was enacted as title III of Public Law 102-182 (a law dealing with trade issues otherwise unrelated to nonproliferation). No amendments have been enacted.*¹⁴

Section 307 (Sanctions Against Use of Chemical or Biological Weapons; 22 U.S.C. 5605) requires the President to terminate foreign assistance (except humanitarian, food, and agricultural assistance) arms sales and licenses, credits, guarantees, and certain exports to a government of a foreign country that he has determined has used or made substantial preparation to use chemical or biological weapons. Within three months, the President must determine and certify to Congress that the government: is no longer using chemical or biological weapons in violation of international law, is no longer using such weapons against its own people, has provided credible assurances that such behavior will not resume, and is willing to cooperate with U.N. or other international observers to verify that biological and chemical weapons are not still in use. Without this 3-month determination, sanctions are required affecting multilateral development bank loans, U.S. bank loans or credits, exports, imports, diplomatic relations, and aviation access to and from the United States.

The President may lift the sanctions after a year, with a determination and certification to Congress that the foreign government has met the conditions listed above, and that it is making restitution to those affected by its use of chemical or biological weapons.

The President may waive the imposition of these sanctions if he determines and certifies to Congress and the appropriate committees that such a waiver is essential to U.S. national security interests.

¹³ Public Law 102-182; approved December 4, 1991; 22 U.S.C. 5601-5606. *Legislation on Foreign Relations Through 2000*, vol. II, p. 1772.

¹⁴ Two versions of the Chemical and Biological Weapons Control and Warfare Elimination Act of 1991 were enacted. Title V of the Foreign Relations Authorization Act, Fiscal Years 1992 and 1992 (Public Law 102-138; approved October 28, 1991) enacted the first. Later in the same session, title III of Public Law 102-182 (a trade act otherwise unrelated to nonproliferation issues) repealed the first version and enacted a new Chemical and Biological Weapons Control and Warfare Elimination Act of 1991. This report refers only to the second enactment—that which currently stands in law.

Chemical Weapons Convention Implementation Act of 1998¹⁵

The Chemical Weapons Convention Implementation Act of 1998 implements the Chemical Weapons Convention, which was originally signed on January 13, 1993, and to which the United States became a party on April 29, 1997.¹⁶ The Convention bans the development, production, stockpiling, and use of chemical weapons, requires the destruction of existing weapons and related materials, establishes an international verification regime, and requires export controls and punitive measures to be leveled for noncompliance.

Section 103 (Civil Liability of the United States; 22 U.S.C. 6713) requires a wide range of sanctions to be imposed, for a period of not less than ten years, on an individual who is a member of, or affiliated with, the Organization for the Prohibition of Chemical Weapons “whose actions or omissions the United States has been held liable for a tort or taking...” or a foreign company or an individual affiliated with that company, “which knowingly assisted, encouraged, or induced, in any way, a foreign person” affiliated with the Organization “to publish, divulge, disclose, or make known in any manner or to any extent not authorized by the Convention any United States confidential business information” including:

- ! no arms export transactions – sales of items on U.S. Munitions List, transactions under Arms Export Control Act; no licenses for goods or services covered by foreign policy controls under the Export Administration Act of 1979;
- ! U.S. opposition to support from international financial institutions;
- ! no U.S. Export-Import Bank transactions;
- ! prohibition on U.S. private banks engaging with sanctions person;
- ! assets in United States to be frozen by Presidential action; and
- ! no rights to land aircraft in the United States (other than in cases of emergency).

The Secretary of State is further required to deny a visa to any individual affiliated with the Organization who divulges any confidential U.S. business if that disclosure results in financial loss or damages.

The section requires the President to impose similar sanctions on any foreign government found by the President to have similarly divulged such information, with the sanctions imposed for not less than five years. Foreign countries are further subject to:

- ! no U.S. economic assistance (other than humanitarian assistance), military assistance, foreign military financing, grant military education and training, military credits, guarantees; and no export licensing for commercial satellites.

¹⁵ Division I of Public Law 105-277; approved October 21, 1998; 112 Stat. 2681-856. See also 18 U.S.C. 229 *et seq.* *Legislation on Foreign Relations Through 2000*, vol. II, p. 1688.

¹⁶ See S.Res. 75, 105th Congress, 1st Session.

Sanctions may be suspended if the sanctioned entity fully and completely compensates the U.S. government to cover the liability. The President, alternatively, may waive the sanctions if he determines and notifies Congress that U.S. national security interests are served by such a waiver.

Export Administration Act of 1979¹⁷

The Export Administration Act of 1979 (EAA) authorizes the executive branch to regulate private sector exports of particular goods and technology to other countries. The EAA coordinates such actions with other foreign policy considerations, including nonproliferation, and determines eligibility of recipients for exports. **Section 5 (National Security Controls; 50 U.S.C. app. 2404)** authorizes the President to curtail or prohibit the export of any goods or services for national security reasons: to comply with other laws regarding a potential recipient country's political status or political stability, to cooperate with international agreements or understandings, or to protect militarily critical technologies. **Section 6 (Foreign Policy Controls; 50 U.S.C. app. 2405)** similarly authorizes the President to curtail or prohibit the export of goods or services for foreign policy reasons. Within section 6, for example, **section 6(j)** establishes the State Department's list of countries found to be supporting acts of international terrorism, a list on which many other restrictions and prohibitions in law are based.¹⁸ **Section 6(k)** restricts exportation of certain crime control equipment. **Section 6(l)** restricts exportation for a list of dual use goods and technology. **Section 6(m)** restricts exportation for a list of goods and technology that would directly and substantially assist a foreign government or group in acquiring the capability to develop, produce, stockpile, or deliver chemical or biological weapons.

Section 11A (Multilateral Export Control Violations; 50 U.S.C. app. 2410a) requires the President to prohibit, for two to five years, the U.S. government from contracting with or procuring goods or services from a foreign person that has

¹⁷ Public Law 96-72; approved September 29, 1979; 50 U.S.C. App. 2401. *Legislation on Foreign Relations Through 1996*, vol. III, p. 1022. Authority granted by the Export Administration Act was continued to August 20, 2001, by the Export Administration Modification and Clarification Act of 2000 (Public Law 106-508; approved November 13, 2000). Approaching another expiration, President Bush invoked authority granted his office pursuant to the International Emergency Economic Powers Act and National Emergencies Act, to issue Executive Order 13222 (August 17, 2001; 66 F.R. 44025), extending authorities of the Export Administration Act for one year. Such steps have precedent: the Export Administration Act expired in September 1990, to be renewed by Executive Order until Congress passed reauthorizing legislation. Since 1990, the authorities of the Act have been made available by either Executive Order, determinations renewing those Orders, or short-term legislative extensions.

¹⁸ Section 620A of the Foreign Assistance Act of 1961 (22 U.S.C. 2371) and sec. 40 of the Arms Export Control Act (22 U.S.C. 2780) grant similar authority to the Secretary of State to withhold assistance and programs governed by those two laws. See *Legislation on Foreign Relations Through 2001*, vol. I-A, pages 293, 439, respectively. See also sec. 40A of the AECA (22 U.S.C. 2781), which denies defense articles and defense services to a foreign country the President has determined is not fully cooperating with U.S. antiterrorism efforts; *Legislation on Foreign Relations Through 2001*, vol. I-A, page 446.

violated any country's national security export regulations in accordance with the agreement of the Coordinating Committee for Multilateral Export Controls (COCOM),¹⁹ and that the violation results "in substantial enhancement of Soviet and East Bloc capabilities in submarines or antisubmarine warfare, ballistic or antiballistic missiles technology, strategic aircraft, command, control, communications and intelligence, or other critical technologies." The President also is required generally to prohibit importation of products from the sanctioned person. The President may impose sanctions at his discretion if the first but not the second condition exists. In this case, the restrictions may be in place no longer than five years.

Sanctions may not be required for some goods if contracts with the sanctionable person meet U.S. operational military requirements, if the President determines that the sanctionable person is a sole source provider of an essential defense article or service, or if the President determines that such articles or services are essential to U.S. national security under defense coproduction agreements. The President also may not be required to apply sanctions if he determines that a company affiliated with the sanctionable person had no knowledge of the export control violation. After sanctions have been in place for two years, the President may modify terms of the restrictions under certain conditions, and if he notifies Congress.

Sec. 2444 of the Multilateral Export Control Enhancement Amendments Act (title II, subtitle D, part II of the Omnibus Trade and Competitiveness Act of 1988; Public Law 100-418; approved August 23, 1988) added sec. 11A. The section has not been amended.

Section 11B (Missile Proliferation Control Violations; 50 U.S.C. app. 2410b) is similar to sections 72 and 73 of the AECA, but authorizes sanctions against U.S. persons and foreign persons who engage in commercial transactions that violate missile proliferation controls. The section requires sanctions against any U.S. citizen who the President determines to be engaged in exporting, transferring, conspiring to export or transfer, or facilitating an export or transfer of, any equipment or technology identified by the Missile Technology Control Regime Annex. Sanctions

¹⁹ The Coordinating Committee for Multilateral Export Controls (COCOM) agreed to cease to exist on March 31, 1994. Member nations agreed to retain current control lists until a successor organization is established. On December 19, 1995, the United States and 27 other countries, including NATO participants and Russia, agreed to establish a new multilateral export control arrangement. In July 1996, thirty-three countries gave final approval to the Wassenaar Arrangement for Export Controls for Conventional Arms and Dual-Use Goods and Technologies ("Wassenaar Arrangement"). On January 15, 1998, the Bureau of Export Administration (BXA) of the Department of Commerce issued an interim rule to implement the Wassenaar Arrangement list of dual-use items and revisions to the Commerce Control List required by implementation of the Wassenaar Arrangement (63 F.R. 2452). BXA issued a final rule on July 23, 1999 (64 F.R. 40106), and a revision to that rule where it pertains to national security controls on July 12, 2000 (65 F.R. 43130). On December 1, 2000, participants in the Wassenaar Arrangement agreed to adopt new standards for controlling exports of electronics, computers, and telecommunications technology. BXA issued supporting revisions to the Commerce Control List on April 9, 2001 (66 F.R. 18402), January 3, 2002 (67 F.R. 457), and March 5, 2002 (67 F.R. 10611).

vary with the type of equipment or technology exported; worst-case sanctions deny export licenses for goods on the U.S. Commodity List for not less than two years.

The President may waive the imposition of sanctions if he certifies to Congress that the product or service to be restricted is essential to U.S. national security, and that the provider is a sole source provider.

The section further requires sanctions against any foreign person who the President determines to be engaged in exporting, transferring, conspiring to export or transfer, or facilitating an export or transfer of, any MTCR equipment or technology that contributes to the design, development, or production of missiles in a country that is not an MTCR adherent. Sanctions vary with the type of equipment or technology exported; worst-case sanctions deny licenses for transfer to the foreign person items otherwise controlled by the Export Administration Act for not less than two years. The President may also prohibit importation into the United States of products produced by the foreign person.

The law allows several exceptions, wherein some or all of the sanctions may not be imposed against foreign persons. These exceptions are nearly identical to those found in sections 72 and 73 of the AECA. The President may waive the imposition of sanctions for national security reasons, but must notify Congress beforehand. The Presidential authority to restrict importation is conditional in a manner identical to that in section 73 of the AECA.

The definition of “MTCR adherent” in section 11B is also identical to that in section 74 of the AECA. The definition of “person,” however, retains its earlier form, applying to all “countries where it may be impossible to identify a specific governmental entity,” and not adopting the narrower reference to military aircraft but referring to government activity relating to development of aircraft generally.

Sec. 1702(b) of the National Defense Authorization Act for Fiscal Year 1991 (Public Law 101-510; approved November 5, 1990) added sec. 11B. The section has not been amended.

Section 11C (Chemical and Biological Weapons Proliferation Sanctions; 50 U.S.C. app. 2410c), similar to section 81 of the AECA, authorizes the President to apply procurement and import sanctions against foreign persons that he determines knowingly contribute to the use, development, production, stockpile, or acquisition of chemical or biological weapons by exporting goods or technology from the United States or any other country.

The President may delay the imposition of sanctions for up to 180 days if he is in consultation with the sanctionable person’s government to bring that government to take specific and effective steps to terminate the sanctionable activities. The President may not be required to impose or maintain sanctions if the sanctionable person otherwise provides goods needed for U.S. military operations, if the President determines that the sanctionable person is a sole source provider of some good or service, or if the President determines that goods and services provided by the sanctionable person are essential to U.S. national security under defense cooperation agreements. Exceptions are also made for completing outstanding contracts, the

purchase of spare or component parts, service and maintenance otherwise not readily available, information and technology essential to U.S. products or production, or medical or other humanitarian items.

The President may terminate the sanctions after 12 months, if he determines and certifies to Congress that the sanctioned person no longer aids or abets any foreign government, project, or entity in its efforts to acquire biological or chemical weapons capability. The President may waive the application of a sanction after a year of its imposition, if he determines it is in U.S. national security interests to do so. Not less than 20 days before a national security waiver is issued, the President must notify Congress, fully explaining the rationale for waiving the sanction.

Sec. 505(a) of the Chemical and Biological Weapons Control and Warfare Elimination Act of 1991 (title III of Public Law 102-182; approved December 4, 1991) added sec. 11C. No amendments have been enacted.

Export-Import Bank Act of 1945²⁰

The Export-Import Bank Act of 1945 establishes the Export-Import Bank of the United States and authorizes the Bank to finance and facilitate exports and imports and the exchange of commodities and services between the United States and foreign countries.

Section 2(b)(1)(B) (12 U.S.C. 635(b)(1)(B)) generally states the United States' policy of administering loan programs through the Export-Import Bank. The section provides that the Bank will deny applications for credit for nonfinancial or noncommercial considerations only when the President determines it is in the U.S. national interest to deny credit to advance U.S. policies in international terrorism – including taking into account a nation's lack of cooperation in efforts to eradicate terrorism – nuclear proliferation, environmental protection, and human rights.

The Export-Import Bank Act of 1945 was enacted as Public Law 79-173; approved July 31, 1945. Sec. 2(b)(1) has been amended and restated in 1972 (Public Law 92-126) and again in 1974 (Public Law 93-646). The language pertaining to “international terrorism, nuclear proliferation, ...” was added by sec. 1904 of the Export-Import Bank Act Amendments of 1978 (title XIX of the Financial Institutions Regulatory and Interest Rate Control Act of 1978; Public Law 95-630; approved November 10, 1978). The Export-Import Bank Reauthorization Act of 2002 (P.L. 107-189; approved June 14, 2002) added a reference to the Universal Declaration of Human Rights adopted by the United Nations General Assembly on December 10, 1948 after human rights (sec. 15), added language pertaining to a nation's lack of cooperation with efforts to eradicate terrorism (sec. 17), and added enforcement of the Foreign Corrupt Practices Act, the Arms Export Control Act, the International Emergency Economic Powers Act, or the Export Administration Act of 1979, as justification for denying Export-Import Bank financing (sec. 21). Numerous technical changes were made by P.L. 107-189, as well.

²⁰ *Legislation on Foreign Relations Through 1996*, vol. III, p. 952.

Section 2(b)(4) (12 U.S.C. 635(b)(4)) provides that the Secretary of State can determine, and report to Congress and to the Export-Import Bank Directors, if:

- ! any country has agreed to IAEA nuclear safeguards but has materially violated, abrogated, or terminated such safeguards after October 26, 1977;
- ! any country has entered into a cooperation agreement with the United States concerning the use of civil nuclear energy, but has violated, abrogated, or terminated any guarantee or other undertaking related to that agreement after October 26, 1977;
- ! any country has detonated a nuclear explosive device after October 26, 1977, but is not a nuclear-weapon state;
- ! any country willfully aids or abets, after June 29, 1994, any non-nuclear-weapon state to acquire a nuclear explosive device or to acquire unsafeguarded special nuclear material; or
- ! any person knowingly aids or abets, after September 23, 1996, any non-nuclear-weapon state to acquire a nuclear explosive device or to acquire unsafeguarded special nuclear material.

If such a determination is made relating to a person, the Secretary is urged to consult with that person's government to curtail that person's activities. Consultations are allowed 90 days, at the end of which the Secretary will report to Congress as to their progress. After the 90 days, unless the Secretary requests an additional 90 days, or unless the Secretary reports that the violations have ceased, the Ex-Im Bank will not approve any transactions to support U.S. exports to any country, or to or by any person, for which/whom a determination has been made. The imposition of sanctions may also be waived if the President, 45 days before any transaction is approved, certifies that the violations have ceased, and that steps have been taken to ensure the questionable transactions will not resume. The President may also waive the imposition of sanction if he certifies that to impose them would have a serious adverse effect on vital U.S. interests, or if he certifies that objectionable behavior has ceased.

Sec. 2(b)(4) was added by sec. 3(b) of Public Law 95-143; approved October 26, 1977. Sec. 825 of the Nuclear Proliferation Prevention Act of 1994 (title VIII of the Foreign Relations Authorization Act, Fiscal Years 1994 and 1995; Public Law 103-236; approved April 30, 1994) added "(as defined in section 830(4) of the Nuclear Proliferation Prevention Act of 1994), or that any country has willfully aided or abetted any non-nuclear-weapons state (as defined in section 830(5) of that Act) to acquire any such nuclear explosive device or to acquire unsafeguarded special nuclear material (as defined in section 830(8) of that Act)." to define "nuclear explosive device" and to broaden what acts are sanctionable. This is referred to as a "Glenn Amendment." The section was further amended and restated by sec. 1303 of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104-201; approved September 23, 1996). Sec. 1303(b) of that Act further required the President to report to Congress within 180 days "his recommendations

on ways to make the laws of the United States more effective in controlling and preventing the proliferation of weapons of mass destruction and missiles. The report shall identify all sources of government funds used for such nonproliferation activities.”

Section 2(b)(12) (12 U.S.C. 635(b)(12)) requires the President to notify the Export-Import Bank if he determines “that the military or Government of the Russian Federation has transferred or delivered to the People’s Republic of China an SS-N-22 missile system and that the transfer or delivery represents a significant and imminent threat to the security of the United States... Upon receipt of the notice and if so directed by the President of the United States, the Board of Directors of the Bank shall not give approval to guarantee, insure, extend credit, or participate in the extension of credit in connection with the purchase of any good or service by the military or Government of the Russian Federation.”

Sec. 12 of the Export-Import Bank Reauthorization Act of 1997 (Public Law 105-121; approved November 26, 1997) added paragraph 12.

Foreign Assistance Act of 1961²¹

The Foreign Assistance Act of 1961 (FAA) authorizes U.S. government foreign aid programs including development assistance, economic support funding, numerous multilateral programs, housing and other credit guaranty programs, Overseas Private Investment Corporation, international organizations, debt-for-nature exchanges, international narcotics control, international disaster assistance, development funding for Africa, assistance to states of the former Soviet Union, military assistance, international military education and training, peacekeeping, antiterrorism, and various regional enterprise funds.

Section 307(c) (Withholding of United States Proportionate Share for Certain Programs of International Organizations; 22 U.S.C. 2227) requires that foreign assistance the United States pays in to international organizations and programs not be used for programs in certain countries. The section exempts the International Atomic Energy Agency (IAEA) from this limitation, except for particular projects the IAEA funds in Cuba. U.S. proportionate support to the IAEA, in particular, is not available to any IAEA project relating to the Juragua Nuclear Power Plant near Cienfuegos, Cuba, or the Pedro Pi Nuclear Research Center in Cuba, unless Cuba (I) ratifies the Treaty on Non-Proliferation of Nuclear Weapons or the Treaty of Tlatelco and is in compliance with terms of the treaty; (II) negotiates full-scope safeguards of the IAEA not later than two years after treaty

²¹ Public Law 87-195; approved September 4, 1961; 22 U.S.C. 2151 and following. *Legislation on Foreign Relations Through 2001*, vol. 1-A, p. 15. See also chapter 9 in this Act, relating to “Nonproliferation and Export Control Assistance,” added by sec. 301 of the Security Assistance Act of 2000 (Public Law 106-280; approved October 6, 2000), codified at 22 U.S.C. 2349bb *et seq.* This chapter does not impose sanctions; instead it makes assistance available to friendly countries to ultimately “enhance the nonproliferation and export control capabilities...by providing training and equipment to detect, deter, monitor, interdict, and counter proliferation”.

ratification; and (III) “incorporates internationally accepted nuclear safety safeguards.”

Section 307 was added to the Foreign Assistance Act of 1961 by sec. 403 of the International Security and Development Cooperation Act of 1985 (Public Law 99-83; approved August 8, 1985). The countries to which it is applied has changed over time; the countries for which program funding is currently restricted are Burma, Iraq, North Korea, Syria, Libya, Iran, Cuba, and the Palestine Liberation Organization (though application to the PLO has been waived under other legislation in the course of peace negotiations), and communist countries listed elsewhere in the Act. Limitations in subsec. (c) were originally added by sec. 431(a)(2) of the Foreign Relations Authorization Act, 1994 and 1995 (Public Law 103-236; approved April 30, 1994). Language pertaining to nuclear developments in Cuba was added by sec. 2809(a)(1) of the Foreign Relations Authorization Act, 1998 and 1999 (subdivision B of division G of Public Law 105-277; approved October 21, 1998).

Section 498A(b) (Criteria for Assistance to Governments of the Independent States; 22 U.S.C. 2295a(b)) requires that the President not provide assistance to independent states of the former Soviet Union if he determines that the government of that state, among other things, (1) has failed to implement arms control obligations signed by the former Soviet Union, or (2) has knowingly transferred to another country: missiles or missile technology inconsistent with guidelines and parameters of the Missile Technology Control Regime; “any material, equipment, or technology that would contribute significantly to the ability of such country to manufacture any weapon of mass destruction (including nuclear, chemical, and biological weapons) if the President determines that the material, equipment, or technology was to be used by such country in the manufacture of such weapon.” The section further prohibits foreign assistance under chapter 11 of the Foreign Assistance Act of 1961 to any country for which a determination has been issued pursuant to sections 101 or 102 of the Arms Export Control Act or sections 306(a)(1) or 307 of the Chemical and Biological Weapons Control and Warfare Elimination Act of 1991.

The President may waive the prohibition – other than that based on other proliferation legislation as cited in the section – on U.S. national security grounds, if he determines that furnishing assistance “will foster respect for internationally recognized human rights and the rule of law or the development of institutions of democratic governance,” or to alleviate suffering resulting from a natural or man-made disaster. Assistance may also be provided under the U.S. Information Agency’s (USIA) secondary school exchange program notwithstanding a country’s ineligibility (except in instances where ineligibility is based on nonproliferation violations). Any waiver requires an immediate report to Congress of any determination or decision.

Section 498A was added by sec. 201 of the FREEDOM Support Act (Public Law 102-511; approved October 24, 1992). See also discussion above, on sec. 73(b)(2) and sec. 73B of the AECA, as amended. Those sections refer to sec. 498A(b)(3)(A) to limit certain transactions with independent states of the former Soviet Union if the

transactions involve missiles or missile technology and are conducted in a manner inconsistent with guidelines and parameters of the MTCR.

Section 620(y) (Prohibitions Against Furnishing Assistance; 22 U.S.C. 2370) restricts foreign assistance, or assistance pursuant to any other act, to any country providing nuclear fuel, related assistance, and credits to Cuba. Assistance denied the country in question equals the value of that country's nuclear development assistance, sales, or transfers to Cuba. The requirement to limit assistance is waived if Cuba (A) ratifies the Treaty on Non-Proliferation of Nuclear Weapons or the Treaty of Tlatelco and is in compliance with terms of the treaty; (B) "has negotiated and is in full compliance with full-scope safeguards of the International Atomic Energy Agency" within two years of the treaty ratification; and (C) "incorporates and is in compliance with internationally accepted nuclear safety safeguards." The section also requires an annual report on the matter to be filed with Congress by the Secretary of State.

Added by sec. 2810(a) of the Foreign Relations Authorization Act, Fiscal Years 1998 and 1999 (subdivision B of Division G of Public Law 105-277; approved October 21, 1998).

Section 620A (Prohibition on Assistance to Governments Supporting International Terrorism; 22 U.S.C. 2371) prohibits any foreign assistance, food assistance, Peace Corps funding, and support under the Export-Import Bank Act of 1945 from being made available to countries that the Secretary of State has certified as supporters of international terrorism.²² The restriction remains in place until such time that the Secretary certifies that there has been a fundamental change in the leadership and policies of the targeted country, the country is no longer supporting international terrorists, and that the targeted government has assured no such support will resume.

The President may waive the prohibition on the basis of U.S. national security, and some assistance may be restored to address humanitarian concerns. A waiver requires notification and justification being provided to Congress 15 days before assistance is given.

Section 620A was added by sec. 303 of the International Security Assistance and Arms Export Control Act of 1976 (Public Law 94-329; approved June 30, 1976). The section has been amended and restated since then by sec. 503(a) of the International Security Assistance and Development Cooperation Act of 1985 (Public Law 99-83; approved August 8, 1985) and sec. 5 of the Anti-Terrorism and Arms Export Amendments Act of 1989 (Public Law 101-222; approved December 12, 1989).

²² Section 40 of the Arms Export Control Act (22 U.S.C. 2780) and sec. 6(j) of the Export Administration Act (50 U.S.C. app. 2404) grant similar authority to the Secretary of State to withhold assistance and programs governed by those two laws. See also sec. 40A of the AECA (22 U.S.C. 2781), which denies defense articles and defense services to a foreign country the President has determined is not fully cooperating with U.S. antiterrorism efforts.

Section 620E (Assistance to Pakistan; 22 U.S.C. 2375), related to U.S. assistance to Pakistan, was enacted in reaction to the threat posed by Soviet occupation of neighboring Afghanistan. **Section 620E(d)** authorizes the President to waive sanctions under section 101 of the AECA to provide assistance to Pakistan, if he determines it is in the U.S. national interest to do so.

Subsection 620E(e) states that no military assistance shall be furnished and no military equipment or technology shall be sold or transferred to Pakistan unless the President certifies to the Speaker of the House and the Chairman of the Senate Foreign Relations Committee that, for the fiscal year in which the assistance, sale or transfer would occur, Pakistan does not possess a nuclear explosive device and that proposed military assistance would significantly reduce the risk that Pakistan will possess a nuclear explosive device. This restriction does not apply to international narcotics control assistance, International Military Education and Training funds, funding for humanitarian and civic assistance projects, peacekeeping or other multilateral operations funds, or antiterrorism assistance.

Enacted as Public Law 87-195; approved September 4, 1961. Sec. 620E was added to the Foreign Assistance Act by sec. 736 of the International Security and Development Cooperation Act of 1981 (Public Law 97-113; approved December 29, 1981). Sec. 620E(d) was amended in 1994 by the Nuclear Proliferation Prevention Act of 1994 (title VIII of the Foreign Relations Authorization Act, Fiscal Years 1994 and 1995; Public Law 103-236; approved April 30, 1994) to reflect the repeal of secs. 669 and 670 and the enactment of secs. 101 and 102 of the Arms Export Control Act. Sec. 620E(e), the “Pressler amendment,” was added by sec. 902 of the International Security and Development Cooperation Act of 1985 (Public Law 99-83; approved August 8, 1985). Sec. 559(a)(1)(D) of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1996 (Public Law 104-107; approved February 12, 1996), amended the section to exclude certain assistance programs from the ban, as noted in the last sentence, above. The same Act made several changes to restrict only “military assistance,” formerly the section had referred to assistance generally. The same Act amended the section to authorize the President to: release Pakistan from paying storage costs of items purchased before October 1, 1990, but not delivered (presumably F-16s); release other items serviced in the United States; and continue the applicability of other laws pertaining to ballistic missile sanctions.

After India and Pakistan tested nuclear explosive devices in May 1998, sanctions were imposed in accordance with requirements of sec. 102 of the Arms Export Control Act (see above). Subsequently, Congress enacted four laws to grant the President discretionary authority to waive those sanctions. The third, the Department of Defense Appropriations Act, 2000 (Public Law 106-79; approved October 21, 1999; see title IX), authorized the President to waive section 620E(e). President Bush exercised this authority in issuing Presidential Determination No. 2001-28 on September 22, 2001 (66 F.R. 50095). The fourth measure, Public Law 107-57 (115 Stat. 403, approved October 27, 2001), authorized the President to waive remaining restrictions on foreign assistance to Pakistan.

Section 620G (Prohibition on Assistance to Countries that Aid Terrorist States; 22 U.S.C. 2377) requires the President to withhold all foreign assistance to

the government of any country that provides assistance to the government of a country listed as a terrorist state by the Secretary of State pursuant to sec. 620A of this Act (22 U.S.C. 2370).

The President may waive the imposition of the sanction if he determines that furnishing such assistance is important to the U.S. national interest and notifies the appropriate congressional committees of his intent 15 days prior to lifting the ban. His notification shall include the determination, a detailed explanation of the assistance to be provided with its estimated dollar amount, and an explanation of how such assistance furthers U.S. national interests.

Section 620G was added by sec. 325 of the Antiterrorism and Effective Death Penalty Act of 1996 (Public Law 104-132; approved April 24, 1996). See also sec. 40 of the AECA (above).

Section 620H (Prohibition on Assistance to Countries that Provide Lethal Military Equipment to Terrorist States; 22 U.S.C. 2378) requires the President to withhold all foreign assistance to the government of any country that provides lethal military equipment to a country listed by the Secretary of State as a supporter of international terrorism, either on the sec. 6(j) list under the Export Administration Act, or the sec. 620A list pursuant to this Act. The prohibition remains in place until one year after such transfers or transactions cease. The section is not retroactive, but includes all contracts entered into after April 24, 1996 (the date of enactment of the amendment).

The President may waive the imposition of the sanction if he determines that furnishing such assistance is important to the U.S. national interest and notifies the appropriate congressional committees of his intent 15 days prior to lifting the ban. His notification shall include the determination, a detailed explanation of the assistance to be provided with its estimated dollar amount, and an explanation of how such assistance furthers U.S. national interests.

Section 620H was added by sec. 326 of the Antiterrorism and Effective Death Penalty Act of 1996 (Public Law 104-132; approved April 14, 1996).

Kenneth M. Ludden Foreign Operations, Export Financing, and Related Programs Appropriations Act, 2002²³

A Foreign Operations Appropriations Act is enacted annually, generally at the start of a fiscal year, to make appropriations for various foreign assistance, military assistance, and international financial institutions programs. Language in the current fiscal year act pertains only to that fiscal year unless otherwise expressly stated. Congress has not enacted a comprehensive foreign aid authorization bill since 1985, however; as a result, the annual appropriations act increasingly has become a means

²³ Public Law 107-115, approved January 10, 2002. See also sec. 506, Prohibition on Financing Nuclear Goods; sec. 531, Compliance with U.N. Sanctions Against Iraq; and sec. 565, Korean Peninsula Energy Development Organization. *Legislation on Foreign Relations Through 2001*, vol. I-A, p. 675.

of enacting authorizing language that carries the force of law beyond the fiscal year. (Freestanding authorization bills for security assistance programs and related funding levels, however, were enacted in FYs 1999 and 2000.)

Title I, Export-Import Bank of the United States, prohibits the use of Export-Import Bank funds in the current fiscal year to be used to make expenditures, contracts, or commitments for the export of nuclear equipment, fuel or technology to any non-nuclear-weapon state, if that state is otherwise eligible to receive economic or military assistance under this Act.

Title II, Assistance for the New Independent States of the Former Soviet Union, appropriates \$784 million for assistance to the states of the former Soviet Union, of which not less than \$154 million is directed to Ukraine and of that amount, not less than \$30 million “should be made available for nuclear reactor safety initiatives”. The title withholds 60 percent of funds obligated for the Government of Russia until the President determines and certifies to the Committees on Appropriations that the Government of Russia has terminated its efforts “to provide Iran with technical expertise, training, technology, or equipment necessary to develop a nuclear reactor, related nuclear research facilities or programs, or ballistic missile capability.” The restriction does not apply to assistance for combating infectious diseases, child survival activities, assistance for victims of trafficking in persons, and nonproliferation and disarmament programs authorized under title V of the FREEDOM Support Act.

Congress has incorporated this language into the foreign assistance appropriations bill for several years. In previous years, the President was authorized to waive the restriction on the basis of vital U.S. national security interests, or if he found that the Government of Russia was taking meaningful steps to limit major supply contracts and to curtail the transfer of technology and technical expertise to certain programs in Iran. The FY2002 Act does not include such a waiver.

Section 544, Prohibition on Assistance to Foreign Governments That Export Lethal Military Equipment to Countries Supporting International Terrorism, prohibits assistance to such foreign governments that provide equipment to any country the government of which the Secretary of State has found, pursuant to sec. 6(j) of the Export Administration Act, to be a terrorist government. The President may waive the prohibition if he determines it important to U.S. national interests to do so, but must report to Congress the basis for the determination, the nature and value of resumed assistance, and an explanation of how such assistance furthers U.S. national interests. The sanction is in place for 12 months after the targeted government ceases providing lethal military equipment.

Similar language has been included in the annual foreign assistance appropriations measure since FY1994. Previous years' Acts have referred to findings pursuant to sec. 40(d) of the Arms Export Control Act.

International Emergency Economic Powers Act²⁴

Section 203 (Grants of Authorities; 50 U.S.C. 1702) authorizes the President “to deal with any unusual and extraordinary threat with respect to a declared national emergency.”²⁵ After he declares a national emergency exists, pursuant to the authority in the National Emergencies Act, the President may use the authority in this section to investigate, regulate, or prohibit foreign exchange transactions, credit transfers or payments, currency or security transfers, and may take specified actions relating to property in which a foreign country or person has interest. In terms of nonproliferation concerns, it is pursuant to this section that the President has continued the authority of the expired Export Administration Act, prohibited transactions with “those who disrupt the Middle East peace process,” issued export controls on encryption items, established export controls related to weapons of mass destruction, and prohibited transactions “with persons who commit, threaten to commit, or support terrorism.”²⁶

Enacted as title II of Public Law 95-223; approved December 28, 1977, to update and continue authority carried earlier in the Trading With the Enemy Act (Public Law 65-92; approved October 6, 1917). It has been amended from time to time to update the list of what cannot be restricted, mostly to keep up with changes in technology (for example, the law allows the free flow of informational materials, most recently amended to include CD ROMs).

²⁴ 50 U.S.C. 1701 and following. *Legislation on Foreign Relations Through 1996*, vol. III, p. 1144.

²⁵ The “situations in which authorities may be exercised” is stated in sec. 202 (50 U.S.C. 1701).

²⁶ Unless otherwise noted, all codified at 50 U.S.C. 1701 note, see: Executive Order 12938, Proliferation of Weapons of Mass Destruction (November 14, 1994; 59 F.R. 59099, amended); Executive Order 12947, Prohibiting Transactions with Terrorists Who Threaten To Disrupt the Middle East Peace Process (January 23, 1995; 60 F.R. 5079); Executive Order 12957, Prohibiting Certain Transactions with Respect to Development of Iran Petroleum Resources (March 15, 1995; 60 F.R. 14615); Executive Order 12959, Prohibiting Certain Transactions with respect to Iran (May 6, 1995; 60 F.R. 24757); Executive Order 13059, Prohibiting Certain transactions with Respect to Iran (August 19, 1997; 62 F.R. 44531); Executive Order 13159, Blocking Property of the Government of the Russian Federation Relating to the Disposition of Highly Enriched Uranium Extracted from Nuclear Weapons (June 21, 2000; 65 F.R. 39279); Executive Order 13222, Administration of Export Controls (August 17, 2001; 66 F.R. 44025); Executive Order 13026, Administration of Export Controls on Encryption Products (November 15, 1996; 61 F.R. 58767; 50 U.S.C. App. 2401 note); and Executive Order 13224, Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten To Commit, or Support Terrorism (September 23, 2001; 66 F.R. 49079; 50 U.S.C. 1701 note). The President also uses the authority in IEEPA to issue executive orders to implement United Nations Security Council Resolutions. Of the several that are current, Executive Order 12724, Blocking Iraqi Government Property and Prohibiting Transactions with Iraq (August 9, 1990; 55 F.R. 33089; 50 U.S.C. 1701 note) has relevance to issues of proliferation.

Iran and Libya Sanctions Act²⁷

Section 5 (Imposition of Sanctions) requires the President to impose sanctions on persons found to have invested in Iran – investments “that directly and significantly contributed to the enhancement of Iran’s ability to develop petroleum resources...” The section also requires the imposition of sanctions if a person is found to have “exported, transferred, or otherwise provided to Libya any goods, services, technology, or other items the provision of which...” contribute to “Libya’s ability to acquire chemical, biological, or nuclear weapons or destabilizing numbers and types of advances conventional weapons or enhanced Libya’s military or paramilitary capabilities...”

Section 6 (Description of Sanctions) authorizes the President to employ a range of punitive measures, including denial of Export-Import funding, denial of export licenses, prohibition on U.S. government and commercial bank financing, refusal of U.S. government procurement contracts, and additional measures as the President sees fit.

Section 8 (Termination of Sanctions) cancels the requirement for sanctions if the President determines that Iran has ceased all efforts to design, develop, manufacture, or acquire weapons of mass destruction or related delivery systems, and if Iran is removed from the list of supporters of international terrorism. For Libya, the President may be relieved of the requirement to impose sanctions if he finds that country has complied with United Nations resolutions issued in the wake of the PanAm Flight 103 explosion over Lockerbie, Scotland.

Section 9 (Duration of Sanctions; Presidential Waiver) authorizes the President to delay the imposition of sanctions for up to 90 days if consultations are entered into with a government that holds jurisdiction over the offending party. Sanctions may be further delayed another 90 days if the government of jurisdiction takes action to terminate the offending behavior and penalize the offender. Otherwise, sanctions are imposed for not less than two years or until such time that the President can certify that the offending behavior has ceased, at which juncture sanctions remain in place for at least one year. Alternatively, the President may waive the imposition of sanctions if he finds it important to U.S. national interests to do so.

P.L. 104-172; approved August 5, 1996. It has been amended to lower the threshold of investment in Libya that triggers the imposition of sanctions, change reporting requirements, fine-tune definitions, and extend the authorities herein another five years, to 2006 (Public Law 107-24; approved August 3, 2001).

²⁷ 50 U.S.C. 1701 note. *Legislation on Foreign Relations Through 1996*, vol. III, p. 1228.

Iran-Iraq Arms Nonproliferation Act of 1992²⁸

Section 1604 (Sanctions Against Certain Persons) requires the President to impose sanctions against any person whom he has determined to be engaged in transferring goods or technology so as to contribute knowingly and materially to the efforts by Iran or Iraq to acquire chemical, biological, nuclear, or destabilizing numbers and types of advanced conventional weapons. **Section 1605 (Sanctions Against Certain Foreign Countries)** similarly addresses activities of foreign governments.

In both cases, mandatory sanctions prohibit, for a period of two years, the U.S. government from entering into procurement agreements with, or issuing licenses for exporting to or for the sanctioned person or country. Where a foreign country is found to be in violation of the law, the President must suspend U.S. assistance; instruct U.S. Executive Directors in the international financial institutions to oppose multilateral development bank assistance; suspend codevelopment and coproduction projects the U.S. government might have with the offending country for one year; suspend, also for one year, most technical exchange agreements involving military and dual-use technology; and prohibit the exportation of U.S. Munitions List items for one year. In the case of foreign countries targeted for sanctions under this Act, the President may, at his discretion, use authority granted him under the International Emergency Economic Powers Act to further prohibit transactions with the country.

The President may waive the mandatory sanctions against persons or foreign country with 15 days notice to congressional committees that exercising such a waiver is essential to U.S. national interests.

Section 1603 (Application to Iran of Certain Iraq Sanctions) makes sanctions in section 586G(a)(1) through (4) of the Iran Sanctions Act of 1990 also fully applicable against Iraq (see below).

Enacted as title XVI of the National Defense Authorization Act for Fiscal Year 1993 (Public Law 102-484; approved October 23, 1992). Sec. 1408(a) of Public Law 104-106 (110 Stat. 494) amended sections 1604 and 1605 to apply not just to conventional weapons but also to chemical, biological, or nuclear weapons.

Iran Nonproliferation Act of 2000²⁹

Sections 2 through 5 (Reports; Application; Procedures; Determination; 50 U.S.C. 1701 note) require the President to report to Congress twice a year to

²⁸ 50 U.S.C. 1701 note. *Legislation on Foreign Relations Through 2000*, vol. II, p. 1767.

²⁹ 114 Stat. 38. *Legislation on Foreign Relations Through 2000*, vol. II, p. 1668. See also sec. 708 of the Security Assistance Act of 2000 (Public Law 106-280; 114 Stat. 862; 22 U.S.C. 2797b note; approved October 6, 2000), which requires the President to certify that Russian persons he identifies as “a party to an agreement related to commercial cooperation on MTCR equipment or technology with a United States person” is not also one who transfers goods, services, or technology to Iran, as identified pursuant to sec. 2(a)(1)(B) of this Act.

identify “every foreign person with respect to whom there is credible information indicating that that person, on or after January 1, 1999, transferred to Iran...” goods, services or technology the export of which (1) is controlled for nonproliferation reasons in accordance with various international agreements, or (2) is not controlled by the country of origin but would be subject to controls if shipped from the United States. The President is authorized to apply a range of sanctions against any foreign person included in his report, including denial of procurement contracts with the U.S. government, prohibition on importation into the United States, and denial of foreign assistance – sanctions laid out in Executive Order 12938, as amended.³⁰ A foreign person named in the President’s report may also be denied U.S. government sales of items on the U.S. Munitions List and export licenses for dual-use items.

The decision to impose sanctions is left to the President, but he is required to notify Congress of his reasons to take no action. The President may also take no action if he finds that (1) the person in question did not “knowingly transfer” objectionable items to Iran; (2) the goods, services or technology “did not materially contribute to Iran’s efforts to develop nuclear, biological, or chemical weapons, or ballistic or cruise missile systems; (3) the named person falls under the jurisdiction of a government that is an adherent to “one or more relevant nonproliferation regimes” and his actions were consistent with such regime’s guidelines; or (4) the government of jurisdiction “has imposed meaningful penalties” on the named person.

Section 6 (Restrictions on Extraordinary Payments in Connection with the International Space Station) prohibits any agency of the U.S. government from making extraordinary payments to the Russian Aviation and Space Agency, or any affiliates, or the Government of the Russian Federation, or any entities of the government, until the President determines and reports to Congress that: (1) it is the Russian government’s policy “to oppose the proliferation to Iran of weapons of mass destruction and missile systems capable of delivering such weapons;” (2) the Russian government has demonstrated a commitment to preventing transfers of such goods to Iran; and (3) the Russian Aviation and Space Agency, or its affiliates, has not made such transfers to Iran in the preceding year (other than those allowed by the President’s certification for exemptions).

The President may allow extraordinary payments when “such payments are necessary to prevent the imminent loss of life by or grievous injury to individuals aboard the International Space Station.” This allowance requires the President to notify to Congress such payments will be allowed, and to report to Congress on details within 30 days of the initial notification. The President may also allow extraordinary payments for specific development programs of the International Space Station provided he notify Congress ahead of payment and that the recipients of that payment are not subject to nonproliferation sanctions.

Public Law 106-178; approved March 14, 2000. It has not been amended.

³⁰ Executive Order authorizing the Secretaries of Commerce, Treasury, and State to limit or prohibit some transactions to stop the proliferation of weapons of mass destruction. Issued November 14, 1994 (59 F.R. 59099); subsequently amended. See 50 U.S.C. 1701 notes for current text.

Iraq Sanctions Act of 1990³¹

This Act reaffirmed the United States' commitment to sanctions leveled by the United Nations after Iraq invaded Kuwait in August 1990. The findings, laid out in **section 586F (Declarations Regarding Iraq's Long-Standing Violations of International Law)**, cite Iraq's violation of international law relating to chemical and biological warfare, Iraq's use of chemical weapons against Iran and its own Kurdish population, efforts to expand its chemical weapons capabilities, evidence of biological weapons development, and its efforts to establish a nuclear arsenal.

Section 586C (Trade Embargo Against Iraq) continues sanctions imposed pursuant to four executive orders issued at the outset of Iraq's invasion of Kuwait. Sanctions include foreign assistance, trade, economic restrictions, and the freezing of Iraqi assets under U.S. jurisdiction. The President may alter or terminate the sanctions issued in his executive orders only with prior 15-day notification to Congress.

Section 586D (Compliance with U.N. Sanctions Against Iraq) prohibits foreign assistance, Overseas Private Investment Corporation (OPIC) funding, and assistance or sales under the AECA to countries found to be not in compliance with United Nations Security Council sanctions against Iraq. The President may waive these sanctions if he determines and certifies to Congress that assistance is in U.S. national interest, that assistance will benefit the targeted country's needy, or such assistance will be in the form of humanitarian assistance for foreign nationals fleeing Iraq and Kuwait.

Section 586G (Sanctions Against Iraq) prohibits the United States from engaging in the following activities relating to Iraq: (1) U.S. foreign military sales under the AECA; (2) commercial arms sales licensing of items on the U.S. Munitions List; (3) exports of control list goods and technology, as defined by secs. 4(b) and 5(c)(1) of the Export Administration Act; (4) issuance of licenses or other authorizations relating to nuclear equipment, materials, and technology; (5) international financial institutions support; (6) Export-Import Bank funding; (7) Commodity Credit Corporation funding; and (8) foreign assistance other than emergency medical or humanitarian funding.

Pursuant to **section 586H (Waiver Authority)**, the President may waive the application of sec. 586G sanctions if he certifies to Congress that the Government of Iraq has demonstrated improved respect for human rights, does not support international terrorists, and "is not acquiring, developing, or manufacturing (i) ballistic missiles, (ii) chemical, biological, or nuclear weapons, or (iii) components for such weapons; has forsworn the first use of such weapons; and is taking substantial and verifiable steps to destroy or otherwise dispose of any such missiles and weapons it possesses..." The President must further certify that Iraq is meeting its obligations under several international agreements. Finally, the President must certify that it is in the national interest of the United States to make such a waiver and resume any or all of these economic supports. The section also authorizes the

³¹ 50 U.S.C. 1701 note. *Legislation on Foreign Relations Through 1999*, vol. I-B, p. 30.

President to waive the restrictions in response to a fundamental change in Iraq's leadership, provided the new government makes credible assurances that it meets the above criteria.

Section 586I (Denial of Licenses for Certain Exports to Countries Assisting Iraq's Rocket or Chemical, Biological, or Nuclear Weapons Capability) prohibits the export licensing of supercomputers to any government (or its officials) that the President finds to be assisting Iraq in improving its rocket technology, or chemical, biological, or nuclear weapons capability. While the section includes no waiver authority, it is triggered by the President making a determination and so its implementation rests with the executive branch.

Enacted as secs. 586-586J of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1991 (Public Law 101-513; approved November 5, 1990). It has not been amended.

National Emergencies Act³²

Title II (50 U.S.C. 1621, 1622) authorizes the President to declare, administer, and terminate national emergencies. Such a condition is required for the President to exercise his authority under the International Emergency Economic Powers Act.

Public Law 94-412; approved September 14, 1976. There have been no substantive amendments relevant to proliferation issues.

North Korea Threat Reduction Act of 1999³³

The North Korea Threat Reduction Act of 1999 prohibits the entering into effect for the United States of any international agreement or agreement for cooperation with North Korea that would result in North Korea obtaining nuclear materials. The law also prohibits U.S. issuance of export licenses for, or approval for transfer or retransfer of, nuclear materials, facilities, components, or other goods, services, or technology that would be subject to such an agreement. To make such materials available, the President must determine and report to Congress that North Korea has met certain benchmarks on the safe use of nuclear materials, including: cooperation with the IAEA on inspections, compliance with IAEA safeguard agreements, compliance with terms of the Agreed Framework it reached with the United States, implementation of terms of the Joint Declaration on Denuclearization, no accrual of enriched uranium or the means to develop that material, and no efforts to acquire or develop nuclear weapon capability. The President must also determine and certify that it is the U.S. national interest to transfer key nuclear components to North Korea.

Enacted as subtitle B of title VIII of the Admiral James W. Nance and Meg Donovan Foreign Relations Authorization Act, Fiscal Years 2000 and 2001

³² *Legislation on Foreign Relations Through 1996*, vol. III, p. 1150.

³³ *Legislation on Foreign Relations Through 2000*, vol. II, p. 161.

(H.R.3427, enacted by reference in sec. 1000(a)(7) of Public Law 106-113; 113 Stat. 1501A-472; approved November 29, 1999).

Nuclear Non-Proliferation Act of 1978³⁴

The Nuclear Non-Proliferation Act of 1978 states U.S. policy for actively pursuing more effective international controls over the transfer and use of nuclear materials, equipment, and technology for peaceful purposes in order to prevent proliferation. The policy statement includes the establishment of common international sanctions. The Act promotes the establishment of a framework for international cooperation for developing peaceful uses of nuclear energy, authorizes the U.S. government to license exports of nuclear fuel and reactors to countries that adhere to nuclear non-proliferation policies, provides incentives for countries to establish joint international cooperative efforts in nuclear non-proliferation, and authorizes relevant export controls. The Act requires the Nuclear Regulatory Commission to publish regulations establishing procedures for granting, suspending, revoking or amending nuclear export licenses. The Act also requires the Department of Commerce to issue regulations relating to all export items that could be of significance for nuclear explosive purposes.

Section 304(b) (Export Licensing Procedures; 42 U.S.C. 2155a) requires the Nuclear Regulatory Commission to publish regulations establishing the procedures for granting, suspending, revoking or amending nuclear export licenses. **Section 309 (42 U.S.C. 2139a)** similarly requires the Department of Commerce to issue regulations relating to all export items that could be of significance for nuclear explosive purposes.

Section 402 (Additional Requirements; 42 U.S.C. 2153a) provides that, unless otherwise stated in a cooperation agreement, no source or special nuclear material exported from the United States may be enriched after exportation unless the United States approves the enrichment. The section prohibits the export of nuclear material for the purpose of enrichment or reactor fueling if the recipient country is party to a cooperation agreement with the United States amended or concluded after 1978, unless the agreement specifically allows for such transfers. Finally, the section prohibits export of any major critical component of any uranium enrichment, nuclear fuel reprocessing, or heavy water production facility, unless a cooperation agreement specifically designates these items as exportable.

The Nuclear Non-Proliferation Act of 1978 was enacted as Public Law 95-242; approved March 10, 1978. Secs. 304(b) and 402 have not been amended. Minor changes have been incorporated into sec. 309, relating to a requirement of prior consultation and the reorganization of the Department of State.

³⁴ *Legislation on Foreign Relations Through 2000*, vol. II, p. 1795.

Nuclear Proliferation Prevention Act of 1994³⁵

The Nuclear Proliferation Prevention Act of 1994 was enacted to update current law to reflect growing concerns about nuclear proliferation.

Section 821 (Imposition of Procurement Sanction on Persons Engaging in Export Activities That Contribute to Proliferation; 22 U.S.C. 3201 note) requires U.S. government procurement sanctions against any U.S. person or foreign person if the President determines that person has materially, and with requisite knowledge, contributed, through export of goods or technology, to efforts to acquire unsafeguarded special nuclear material, or to use, develop, produce, stockpile, or otherwise acquire a nuclear explosive device. Terms of the sanctions are that the U.S. government may not, for 12 months, procure from or enter into procurement contracts with the sanctioned individual. Sanctions may be terminated after 12 months if the President determines and certifies to Congress that the individual has stopped whatever activities that brought on the sanctions, and that the individual will not engage in such activities in the future. Otherwise, to waive the sanctions at the end of 12 months, the President must determine and certify to Congress, 20 days in advance, that continuing the sanctions would have a serious adverse effect on vital U.S. interests.

The President is not required to apply or maintain sanctions if the articles or services provided are essential to U.S. national security; if the provider is a sole source; if the articles or services is essential to national security under defense cooperative agreements; if the articles are essential spare parts, essential component parts, routine servicing or maintenance, or information and technology essential to U.S. production. Sanctions may also not be required if the individual relied on an advisory opinion of the State Department stating that a particular activity was not deemed to be sanctionable.

In the case of a foreign person, the President is required to enter into consultation with the foreign government with primary jurisdiction over that person, and thus may delay the imposition of sanctions for up to 90 days. Sanctions may be further averted if the President determines and certifies that the foreign government has taken steps to end the foreign person's activities.

Section 823 (Role of International Financial Institutions; 22 U.S.C. 3201 note) requires the Secretary of the Treasury to instruct U.S. executive directors of international financial institutions to use voice and vote to oppose promotion of the acquisition of unsafeguarded special nuclear material or the development, stockpiling, or use of nuclear explosive devices by any non-nuclear-weapon state.

Section 824 (Prohibition on Assisting Nuclear Proliferation Through the Provision of Financing; 22 U.S.C. 3201 note) prohibits financial institutions and persons involved with financial institutions from assisting nuclear proliferation through the provision of financing. The section requires that when the President determines that a U.S. person or foreign person has engaged in a prohibited activity,

³⁵ *Legislation on Foreign Relations Through 2000*, vol. II, p. 1748.

he shall impose the following sanctions: (1) ban on dealing in U.S. government debt instruments; (2) ban on serving as a depository for U.S. government funds; (3) ban on pursuing, directly or indirectly, new commerce in the United States; and (4) ban on conducting business from a new location in the United States.

The President is required to consult with any foreign government that serves as primary jurisdiction for any foreign person sanctioned under this section. Sanctions may be delayed for 90 days while consultation with a foreign government is underway, and may be further averted if the foreign government takes steps to stop the prohibited activity.

Sanctions are in place for not less than 12 months, and are terminated then only if the President determines and certifies to Congress that the person's engagement in prohibited activity has ceased and will not resume. The President may waive the continued use of sanctions when he determines and certifies to Congress that continuing the restrictions would have a serious adverse effect on the safety and soundness of the domestic or international financial system or the domestic or international payments system.

The Nuclear Proliferation Prevention Act of 1994 was enacted as title VIII of the Foreign Relations Authorization Act, Fiscal Years 1994 and 1995 (Public Law 103-236; approved April 30, 1994). Sec. 157(b) of Public Law 104-164 (approved July 21, 1996) made changes to sec. 824, including striking out a requirement that any Presidential determination pursuant to subsec. (c) be reviewed by the courts.

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Terrorism: Near Eastern Groups and State Sponsors, 2002

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Terrorism: Near Eastern Groups and State Sponsors, 2002

Summary

The Al Qaeda terrorist network founded by Osama bin Laden is believed to pose a continuing, although diminished, threat to the United States at home and to U.S. interests and allies abroad following the network's defeat in its base in Afghanistan. As stated in taped appearances by its leaders since the September 11, 2001 terrorist attacks on the World Trade Center and the Pentagon, the goal of Al Qaeda is to destroy high profile U.S. targets in order to end what Al Qaeda claims is U.S. suppression of Islamic societies. In these appearances, bin Laden virtually claimed responsibility for the September 11 attacks. Throughout its history, Al Qaeda has sought to oust pro-U.S. regimes in the Middle East and gain removal of U.S. troops from the region.

Before September 11, signs pointed to a decline in state sponsorship of terrorism. Since the attacks, some countries that are designated by the United States as state sponsors of terrorism, including Iran and Sudan, have cooperated to an extent with the U.S.-led war against Al Qaeda and its Taliban protectors in Afghanistan. In spite of its cooperation against the Taliban and Al Qaeda, Iran is still considered a major sponsor of radical Islamic groups that conduct terrorism against Israel.

The Arab-Israeli peace process is a longstanding major U.S. foreign policy interest, and the Administration and Congress are concerned about any terrorist groups or state sponsors that oppose the process. Possibly because of a breakdown in the Palestinian-Israeli peace process in September 2000, Palestinian organizations such as Hamas, as well as older groups such as the Popular Front for the Liberation of Palestine that have been inactive for years, have stepped up operations against Israelis. Following several major terrorist attacks against Israelis since December 2001, the United States has strongly criticized Palestinian Authority President Yasir Arafat for failing to exert sufficient efforts to constrain these and other groups. Some analysts assert that Israel's actions against the Palestinians have been provocative and have contributed to increased Palestinian support for violence against Israel.

U.S. differences with other governments on the strategies for countering terrorism in the Near East have to some extent narrowed since September 11. The United States, in the past, differed with its allies, particularly on how to deal with state sponsors of terrorism; most allied governments believe that engaging these countries diplomatically might sometimes be more effective than trying to isolate or punish them. The United States has generally been more inclined than its European allies to employ sanctions and military action to compel state sponsors and groups to abandon terrorism. Post-September 11 developments seem to have validated the importance of both diplomacy and, in certain circumstances, more forceful responses in dealing with terrorism. Differences with allies have begun to reemerge as the Bush Administration expands its "war on terrorism," indicating it will seek to prevent the emergence of threats by regimes – some of which also have ties to terrorist groups – that are developing weapons of mass destruction (WMD).

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Terrorism: Near Eastern Groups and State Sponsors, 2002

Introduction¹

This report updates the version issued on September 10, 2001, just prior to the September 11 attacks on the World Trade Center and the Pentagon that killed about 3,000 persons. It is an analysis of Near Eastern terrorist groups and countries on the U.S. “terrorism list,” a list of countries that the Secretary of Commerce and Secretary of State have determined provide repeated support for international terrorism.² This report adopts the same definition of terrorism as that used by the State Department in its annual reports – the definition contained in Title 22 U.S.C. Section 2656f(d). According to this section, “terrorism” means “premeditated politically-motivated violence perpetrated against non-combatant targets by subnational groups or clandestine agents, usually intended to influence an audience.”

Five out of the seven states currently on the terrorism list are located in the Near East region — Iran, Iraq, Syria, Libya, and Sudan. (The other two are Cuba and North Korea, which will not be covered in this report). The composition of the list has not changed since Sudan was added in 1993. The groups analyzed in this report include, but are not limited to, those designated as “Foreign Terrorist Organizations” (FTOs), pursuant to the Anti-Terrorism and Effective Death Penalty Act of 1996 (P.L. 104-132). The last section of the report discusses significant themes in U.S. unilateral and multilateral efforts to combat terrorism in or from the region. The State Department’s annual report on international terrorism, entitled *Patterns of Global Terrorism: 2000*³ is a significant source for this report; other sources include press reports and conversations with U.S. counter-terrorism officials, experts, investigative journalists, and foreign diplomats.

Although the September 11 attacks have placed Near Eastern terrorist groups at the center of U.S. anti-terrorism policy, Near Eastern terrorist groups and their state sponsors have been a focus of U.S. counter-terrorism policies for several decades. Since the 1970s, many of the most high-profile acts of terrorism against American citizens and targets have been conducted by these groups, sometimes with the encouragement or at the instigation of their state sponsors. However, no single terrorist attack – either in or outside the Near East region – compares in scale to the September 11 attacks on the World Trade Center and Pentagon, which killed a total

¹This report was prepared with the assistance of Patricia Niehoff.

² The determinations are made in accordance with Section 6(j) of the Export Administration Act of 1979 50 U.S.C. 2405(j).

³ State Department Publication 10822, released April 2001.

of over 3,000 persons. Senior U.S. officials have attributed this attack to the Al Qaeda network, whose leaders enjoyed sanctuary in Afghanistan from 1996 until their defeat at the hands of the U.S. military and its Afghan partners in late 2001.

According to *Patterns of Global Terrorism: 2000* (available on the U.S. Department of State's web site at [<http://www.state.gov/s/ct/rls/pgtrpt/2000/>]; hereafter cited as **Patterns 2000**), worldwide terrorism-related casualties increased to 405 in 2000 from 233 in 1999, but the number of attacks increased only slightly, from 392 in 1999 to 423 in 2000. Of these 2000 totals, only 16 of the 423 attacks and 19 of the 405 casualties occurred in the Middle East, although *Patterns 2000* covered only three months of the Palestinian uprising that began in late September 2000. Since 2001 began, there have been dozens of terrorism-related Israeli casualties resulting from Palestinian suicide bomb attacks, some of them in retaliation for Israeli actions against suspected Palestinian militants. Thirty-one of attacks and 12 of the deaths during 2000 occurred in Eurasia (Central Asia, the Caucasus, and Russia).

The terrorist groups analyzed often differ in their motivations, objectives, ideologies, and levels of activity. The Islamist groups remain generally the most active, stating as their main objective the overthrow of secular, pro-Western governments, the derailment of the Arab-Israeli peace process, the expulsion of U.S. forces from the region, or the end of what they consider unjust occupation of Muslim lands. Some groups, such as the Kurdistan Workers' Party (PKK), fight for cultural and political rights or the formation of separate ethnically-based states. **Table 1** below shows the 20 Near Eastern groups currently designated by the State Department as FTOs. The designations were mostly made when the FTO list was inaugurated in October 1997 and revised in October 1999 and October 2001. A group can be added to the list at any time; Al-Qaeda (the bin Laden network) was added on August 21, 1998, the Islamic Movement of Uzbekistan was designated on September 25, 2000, and two Pakistani groups – Lashkar e-Tayyiba and Jaish e-Mohammad – were added to the FTO list on December 26, 2001.

Under the Anti-Terrorism and Effective Death Penalty Act, the designation of a group as an FTO blocks its assets in the United States and makes it a criminal offense for U.S. persons to provide it with material support or resources, such as financial contributions. Executive Order 12947 of January 23, 1995, also bars U.S. dealings (contributions to or financial transactions) with any individuals named as "Specially Designated Terrorists (SDTs)." On November 2, 2001, the Secretary of State also subjected all FTOs to the increased financial restrictions that had been applied to Al Qaeda-related entities under Executive Order 13224 (September 23, 2001). Under this new executive order, the United States can close down U.S. branches of foreign banks that do not comply with U.S. requests to end dealings with the FTOs. An SDT, according to the executive order, is a person found to pose a significant risk of disrupting the Middle East peace process, or to have materially supported acts of violence toward that end.

Table 1. Near Eastern Foreign Terrorist Organizations (FTOs)

Group	Description	Terrorist Activity Level
Abu Nidal Organization	Palestinian, nationalist	Low
Abu Sayyaf Group	Filipino, Islamist	Moderate
Armed Islamic Group	Algerian, Islamist	Moderate
Hamas	Palestinian, Islamist	Very High
Harakat ul-Mujahidin/Lashkar e-Tayyiba/Jaish e-Mohammad	Kashmir, Islamist	Very High
Hizballah	Lebanese, Shiite Islamist	High
Islamic Group	Egyptian, Islamist	Moderate
Islamic Movement of Uzbekistan	Uzbek, Islamist	Moderate
Al-Jihad	Egyptian, Islamist	Moderate
Kach and Kahane Chai	Jewish extremist	Low
Kurdistan Workers' Party	Kurdish, anti-Turkey	Low
Palestinian Islamic Jihad	Palestinian, Islamist	Very High
Palestine Liberation Front	Palestinian, nationalist	Low
Popular Front for the Liberation of Palestine	Palestinian, Marxist	Low
Popular Front for the Liberation of Palestine - General Command	Palestinian, nationalist	Moderate
People's Mojahedin Organization of Iran	Iranian, left-wing anti-regime	Very Low
Al-Qaeda (Bin Laden Network)	Multinational Islamist, Afghanistan-based	Extremely High
Revolutionary People's Liberation Party/Front	Turkish, left-wing anti-government	Low

In contrast to Patterns 2000, this report analyzes the following:

- The Palestine Liberation Organization (PLO), which has not been the subject of a separate section in Patterns since Patterns 1995, is analyzed in this report because of the debate over whether PLO leader Yasir Arafat is taking sufficient steps to prevent terrorism by other groups in areas under the control of the Palestinian Authority. Since late 2000, there has been discussion about the degree to which certain PLO factions are involved in violence against Israel and whether they should be named as FTOs.
- When the FTO list was reviewed and re-issued in October 1999, the Democratic Front for the Liberation of Palestine (DFLP) was dropped, largely because it has reconciled with Arafat. The group's past involvement in terrorism, and the recent revival of its operations against Israel, are discussed in this report.
- This report contains a section on the Abu Sayyaf Group operating in the Philippines, as well as analysis of several Pakistani Islamist groups that are fighting Indian control of part of Kashmir Province. These groups are discussed in this report, even though they operate outside the Near East region, because of their alleged connections to the bin Laden network and the Taliban of Afghanistan.
- In accordance with the October 2001 redesignation of the FTO list, the two Jewish extremist groups Kach and Kahane Chai will be treated as one group.

Radical Islamic Groups

Since the 1979 Islamic revolution in Iran, and particularly since the seizure of the U.S. Embassy in Tehran in November of that year, radical Islam has attracted widespread press attention as the driving ideology of the most active Middle Eastern terrorist groups and state sponsors. Of the 20 FTOs listed above, 12 are Islamic organizations.

Hizballah (Party of God)⁴

Lebanon-based Hizballah appears to be groping for direction following Israel's May 2000 withdrawal from Lebanon. Having accomplished its main goal of ousting Israel from southern Lebanon, some in the organization want it to focus exclusively on political and social work, primarily through participation in parliament (it holds 8 out of 128 total seats) and through its charity and reconstruction works with Lebanon's Shiite community. Some want Hizballah to accept ministerial positions in Lebanon's cabinet, a step that Hizballah has thus far not taken. Hardliners in Hizballah want it to battle Israeli forces over the border, particularly in the disputed

⁴For other names under which Hizballah or the other groups discussed in this paper operate, see U.S. Department of the Treasury, Office of Foreign Assets Control. "Terrorism: What You Need to Know About U.S. Sanctions."

Shib'a farms area.⁵ Other hardliners in the organization believe that the Israeli withdrawal validated its guerrilla strategy and appear to be helping Palestinian groups apply similar tactics against Israeli forces in the West Bank and Gaza Strip.

Although initially encouraged by Hizballah's relative restraint following the Israeli withdrawal, Israel and the United States remain wary of Hizballah. Hizballah's 15 year military campaign against Israeli and Israeli surrogate forces in southern Lebanon – activity that is not technically considered terrorism by the U.S. State Department – often included rocket attacks on Israeli civilians. Even though the United Nations has certified that Israel's withdrawal is complete, Hizballah has asserted that Israel still occupies some Lebanese territory (the Shib'a farms) and, on that basis, has conducted several military attacks on Israel since the withdrawal. In October 2000, Hizballah captured three Israeli soldiers in the Shib'a farms area and kidnapped an Israeli noncombatant whom it had lured to Lebanon. Israel announced in early November 2001 that the three soldiers are believed dead.

Hizballah has continued to conduct surveillance of the U.S. Embassy in Lebanon and its personnel, according to recent Patterns reports, but no major terrorist attacks have been attributed to it since 1994. However, according to numerous press reports and Hizballah leaders' own statements, the organization is providing advice and logistical support to Islamist Palestinian groups fighting against Israel in the latest Palestinian uprising, which began in September 2000. In January 2001, Israel accused Hizballah of serving as an intermediary in the shipment of 50 tons of weaponry from Iran that was seized by Israel and, according to the United States and Israel, was bound for the Palestinian Authority. The PA is precluded from fielding the weapons contained in the shipment under its Oslo interim accords with Israel. If true, this suggests that Hizballah is trying to broaden its assistance to non-Islamist Palestinian elements. In late August 2001, Jordanian officials discovered a cache of rockets at a Hizballah-owned location in Jordan, igniting fears that Hizballah might fire rockets on Israel from there or might provide the weapons to Palestinian militants there or in the West Bank.⁶ Jordan's King Abdullah was said to have raised his concern about growing Hizballah activity in Jordan with President Bush in February 2002.

Hizballah's History. Founded in 1982 by Lebanese Shiite clerics inspired by the Islamic revolutionary ideology of Iran's Ayatollah Khomeini, Hizballah's original goal was to establish an Islamic republic in Lebanon. During the 1980s, Hizballah was a principal sponsor of anti-Western, and particularly anti-U.S., terrorism. It is known or suspected to have been involved in suicide truck bombings of the U.S. Embassy (April 1983), the U.S. Marine barracks (October 1983, killing 220 Marine, 18 Navy and 3 Army personnel), and the U.S. Embassy annex (September 1984), all in Beirut. It also hijacked TWA Flight 847 in 1985, killing a Navy diver, Robert Stethem, who was on board, and its factions were responsible for the detention of most, if not all, U.S. and Western hostages held in Lebanon during the 1980s and early 1990s. Eighteen Americans were held hostage in Lebanon during that period, three of whom were killed.

⁵For a further discussion of this dispute, see CRS Report RL31078, *The Shib'a Farms Dispute and Its Implications*. August 7, 2001, by Alfred Prados.

⁶Slavin, Barbara. Rockets Found in Jordan Worry U.S. *USA Today*, August 31, 2001.

In the early 1990s, Hizballah also demonstrated an ability to conduct terrorism far from the Middle East. In May 1999, Argentina's Supreme Court, after an official investigation, formally blamed Hizballah for the March 17, 1992 bombing of Israel's embassy in Buenos Aires and issued an arrest warrant for Hizballah terrorist leader Imad Mughniyah. Hizballah did not claim responsibility for the attack outright, but it released a surveillance tape of the embassy, implying responsibility. In May 1998, FBI Director Louis Freeh told Argentina the FBI believes that Hizballah, working with Iranian diplomats, was also responsible for the July 18, 1994 bombing of the Argentine-Jewish Mutual Association (AMIA) building in Buenos Aires that left 86 dead.⁷ In July 1999, Argentine investigators brought charges against 20 suspected Argentine collaborators in the AMIA bombings, and the trial began in late September 2001.

Hizballah's Outside Connections. Hizballah maintains connections with similar groups in the Persian Gulf. Saudi and Bahraini investigations of anti-regime unrest have revealed the existence of local chapters of Hizballah composed of Shiite Muslims, many of whom have studied in Iran's theological seminaries and received terrorist training there and in Lebanon. Saudi and U.S. officials believe that Saudi Shiite Muslims, possibly with connections to Lebanese Hizballah, were responsible for the June 25, 1996 bombing of the Khobar Towers housing complex for U.S. military personnel, near Dhahran, Saudi Arabia. The United States reaffirmed this allegation in the June 2001 U.S. indictments of 14 Khobar suspects. According to *Patterns* 1998, in November 1998 Bahraini authorities uncovered an alleged bomb plot that they blamed on persons linked to Bahraini and Lebanese Hizballah.

Patterns 1999 reiterates that Hizballah receives "substantial" amounts of financial assistance, weapons, and political and organizational support from both Syria and Iran, although it does not mention specific figures. Then Secretary of State Christopher said on May 21, 1996 that Iran gave Hizballah about \$100 million per year, a figure that U.S. officials have not since deviated from. A reported 150 of Iran's Revolutionary Guards remain in Lebanon to coordinate Iran's aid to Hizballah. Syria permits Iran to supply weapons to Hizballah through the international airport in Damascus, although a recent Turkish shutdown of the air corridor connecting Iran and Syria has made Iranian deliveries more difficult.

Specially Designated Terrorists (SDTs).⁸ Hizballah members named as SDTs include: (1) Secretary General Hasan Nasrallah, who is about 44 and has led Hizballah since 1993; (2) Shaykh Muhammad Hussein Fadlallah, the 64-year-old senior Shiite cleric and leading spiritual figure of Hizballah; (3) Subhi Tufayli, the 54 year old former Hizballah Secretary General who leads a radical breakaway faction of Hizballah; and (4) Imad Mughniyah, the 39 year old Hizballah intelligence officer and alleged holder of some Western hostages in the 1980s. He was also implicated in the TWA 847 hijacking. Mughniyah, as well as several alleged perpetrators of the June 1996 attack on the U.S. housing complex of Khobar Towers in Saudi Arabia, was included on a list of 39 entities and persons issued October 12, 2001 under

⁷FBI Ties Iran to Argentine Bombing in '94. *Washington Post*, August 8, 1998.

⁸The list of SDTs is contained in the Office of Foreign Assets Control factsheet "Terrorism: What You Need to Know About U.S. Sanctions."

Executive Order 13224 (September 23, 2001). The order subjects listed entities to financial restrictions.

Blocked Assets. According to the Treasury Department's "Terrorist Assets Report" for 2000, the Bureau of Alcohol, Tobacco and Firearms has seized \$283,000 in assets belonging to 18 persons arrested in North Carolina in July 2000 on suspicion of smuggling goods to generate funds for Hizballah.

Hamas and Palestinian Islamic Jihad (PIJ)

Prior to the September 2000 outbreak of the Palestinian uprising, it appeared that the bulk of the leadership of the Sunni Muslim Palestinian group Hamas (Islamic Resistance Movement) was accommodating Yasir Arafat's leadership of the Palestinian Authority (PA). Hamas leaders also appeared resigned to an eventual final peace agreement between Israel and the PA, although they continued to criticize Arafat as too eager to compromise with Israel. Since the uprising began, Hamas and its smaller ally, Palestinian Islamic Jihad (PIJ), have escalated terrorist attacks against Israelis. Hamas claimed responsibility for the June 1, 2001 suicide bombing of the "Dolphinarium" discotheque in Tel Aviv, which killed 21, and for an August 9, 2001 suicide bombing at a pizza restaurant in Jerusalem that killed 18, including one American. It also claimed responsibility for the December 1 - 2, 2001 suicide bombings in Jerusalem and Haifa that killed about 25 persons, in addition to the three bombers. PIJ has conducted several recent suicide bombings, many of which killed only the bomber(s). Many experts believe that the renewed terrorist activity is at least partly attributable to a breakdown in security cooperation between Israel and the Palestinian Authority – cooperation that was widely credited with keeping terrorist attacks to a minimum in the preceding few years. The renewed terrorist threat has led Israel to adopt a policy – criticized by the United States and many other countries – of assassinating Hamas and PIJ activists to preempt their suspected attacks.

Hamas continues to receive funding from businesses it runs in Palestinian controlled areas, from Iran (about 10% of its budget), from wealthy private benefactors in the Persian Gulf monarchies, and Palestinian expatriates, according to Patterns 2000. The Patterns report adds that the group conducts fundraising and propaganda activities in Western Europe and North America. Many individual donors appear to believe their contributions go to charitable activities for poor Palestinians served by Hamas' social services network, and are not being used for terrorism. PIJ is politically closer to Iran than is Hamas, and apparently derives most of its funding from state sponsors, especially Iran. PIJ receives some logistical support from Syria, according to Patterns 2000.

History. Hamas was formed by Muslim Brotherhood activists during the early stages of the earlier Palestinian uprising (intifada) in 1987. Its spiritual leader, Shaykh Ahmad Yassin, who is paralyzed, was released from prison by Israel in October 1997. He seems to serve as a bridge between Hamas' two main components — the extremists who orchestrate terrorist attacks (primarily through a clandestine wing, the Izz ad-Din al-Qassam Brigades), and the more moderate elements affiliated with Hamas' social services, charity, and educational institutions. PIJ was, in part, inspired by the Iranian revolution of 1979 even though PIJ is a Sunni Muslim, not a Shiite Muslim organization. PIJ remains almost purely a guerrilla organization, with

no overt component. It is led by Ramadan Abdullah Shallah, a Gaza-born, 43 year old academic who previously was an adjunct professor at the University of South Florida. He was chosen leader in 1995 after his predecessor, Fathi al-Shiqaqi was assassinated, allegedly by Israeli agents. Recent Patterns reports characterize Hamas' strength as "an unknown number of hardcore members [and] tens of thousands of supporters and sympathizers," and PIJ's strength as "unknown."

Hamas and PIJ generally have not targeted the United States or Americans directly, although Americans have died in attacks by these groups, along with Israelis and often the bombers themselves. Five out of the 65 killed in a series of four Hamas/PIJ bombings in Israel during February - March 1996 were American citizens. These bombings had the apparent effect of shifting public opinion toward the conservative Likud Party leader Benjamin Netanyahu in Israeli national elections on May 29, 1996, possibly proving decisive in his election victory as Prime Minister over then Labor Party leader Shimon Peres. Neither group conducted major attacks in the run-up to the May 1999 Israeli elections, although they did carry out attacks in an attempt to derail the negotiation and implementation of the October 23, 1998 Israeli-Palestinian Wye River Memorandum. In total, the two groups have conducted about 80 suicide bombings or attempted suicide bombings, killing more than 450 Israelis, since the signing of the Israeli-PLO Declaration of Principles in 1993.⁹

Blocked Assets. The United States has blocked the assets of some alleged Hamas/PIJ leaders, using the authority of President Clinton's January 23, 1995 executive order on Middle East terrorism. As of the end of 2000, a total of about \$17,000 in PIJ assets in the United States were blocked, consisting of a bank account belonging to PIJ leader Shallah.¹⁰ On December 4, 2001, three financial entities believed linked to Hamas were designated for increased financial restrictions under Executive Order 13224. The three are the Holy Land Foundation for Relief and Development, Beit al-Mal Holdings, and Al Aqsa Islamic Bank.

SDTs. Several Hamas and PIJ activists have been named as SDTs. They include: (1) Hamas founder Shaykh Ahmad Yassin; (2) PIJ leader Ramadan Abdullah Shallah; (3) PIJ ideologist Abd al-Aziz Awda; (4) Hamas political leader Musa Abu Marzuq; and (5) alleged U.S. fundraiser for Hamas, Mohammad Salah.

The Islamic Group and Al-Jihad

Egyptian security authorities continue to gain the upper hand in their battle against the opposition Islamic Group and its ally, Al-Jihad,¹¹ groups that, over the past several decades, periodically have gone underground and then resurfaced. This effort could be enhanced by the U.S. defeat of Al Qaeda in Afghanistan, because

⁹Pipes, Daniel and Steven Emerson. Rolling Back the Forces of Terror. *Wall Street Journal*, August 13, 2001.

¹⁰These figures are contained in the 2000 Annual Report to Congress on Assets in the United States Belonging to Terrorist Countries or International Terrorist Organizations. Office of Foreign Assets Control, U.S. Department of Treasury. January 2001.

¹¹A faction of the Jihad operates under the name "Vanguards of Conquest."

militants from the two groups constitute a large and politically significant faction of Al Qaeda. There have been no large scale terrorist attacks by these groups since the Islamic Group's November 17, 1997 attack on tourists near Luxor, and no attacks inside Egypt at all since August 1998. The gunmen in the Luxor attack killed 58 tourists and wounded 26 others, and then committed suicide or were killed by Egyptian security forces. Even before September 11, these Egyptian groups sensed that they were on the defensive and that terrorism had made them unpopular. In late 1997 leaders of both groups, including their common spiritual leader, the 64 year old blind cleric Shaykh Umar Abd al-Rahman, declared a ceasefire with the Egyptian government. Muhammad Hamza, who is in operational control of the Islamic Group in Egypt while Abd al-Rahman remains incarcerated in the United States, has abided by the truce.

Connections to Al Qaeda and the 1993 Bombing of the World Trade Center. With the decline of the groups' activities within Egypt and the incarceration of Abd al-Rahman for plots related to the February 1993 bombing of the World Trade Center, factions of the groups that are in exile have gravitated to the Al Qaeda network. Several SDTs from the Islamic Group and Al-Jihad became members of bin Laden's inner circle as his top lieutenants, including Ayman al-Zawahiri, and Abu Hafs Masri (Mohammad Atef). According to U.S. military officials, Atef was killed by a U.S. air strike during the U.S. war on the Taliban and Al Qaeda. These Egyptian militants oppose any truce with the Egyptian government and also seek, in concert with bin Laden, to attack U.S. interests directly.

Shaykh Umar Abd al-Rahman was not convicted specifically for the February 1993 bombing of the World Trade Center in New York, but he was convicted for related unsuccessful plots in the New York area. Those convicted in the Trade Center bombing were allegedly associated with him. There has been much speculation about the relationship, if any, between Abd al-Rahman and bin Laden at the time of the 1993 Trade Center bombing. Both recruited fighters for the Afghan conflict against the Soviet Union through organizations in the United States and elsewhere, particularly one called the Maktab al-Khidamat (Services Office), also known as Al Kifah.¹² The two also had close connections to the Islamic government of Sudan, although Abd al-Rahman left Sudan in 1990, before bin Laden relocated there in 1991. Abd al-Rahman's two sons reportedly have been associated with Al Qaeda in Afghanistan since 1989; one was reported killed and one reported captured during the U.S.-led war on Al Qaeda. The alleged mastermind of the 1993 Trade Center bombing, Ramzi Ahmad Yousef, reportedly was an Al Qaeda member.¹³ (See section on Al Qaeda, below). Although their recruiting activity in Afghanistan has raised questions as to whether the United States gave bin Laden or Abd al-Rahman assistance during the Afghan war, the Central Intelligence Agency has told CRS that it found no evidence that the Agency provided any direct assistance to either of them. The U.S. assistance program for the anti-Soviet groups in Afghanistan focused

¹² Maktab al-Khidamat/Al Kifah were designated for increased financial restrictions under Executive Order 13224, September 23, 2001.

¹³U.S. Sees Links in Brooklyn To World Terrorist Network. *New York Times*, October 22, 1998.

primarily on indigenous Afghan mujahedin and not Arab volunteers such as those sponsored by bin Laden or Abd al-Rahman.

History. The Islamic Group and Al-Jihad formed in the early 1970s as offshoots of the Muslim Brotherhood, which opted to work within the political system after being crushed by former President Gamal Abd al-Nasser. Both seek to replace Egypt's pro-Western, secular government with an Islamic state. Al-Jihad was responsible for the assassination of President Anwar Sadat in October 1981. The Islamic Group has been responsible for several attacks on high-ranking Egyptian officials, including the killing of the People's Assembly Speaker in October 1990 and the wounding of the Minister of Information in April 1993. The Islamic Group also has a nonviolent arm which recruits and builds support openly in poor neighborhoods in Cairo, Alexandria and throughout southern Egypt, and runs social service programs. Al-Jihad has operated only clandestinely, focusing almost exclusively on assassinations.

SDTs. The following Egyptian Islamist figures have been named as SDTs or as subject to enhanced financial restrictions under Executive Order 13224: (1) Shaykh Umar Abd al-Rahman, who was acquitted in 1984 of inciting Egyptian President Anwar Sadat's assassination, is in a medical detention facility in Missouri following his October 1995 conviction for planning terrorist conspiracies in the New York area; (2) Ayman al-Zawahiri, about 51, who is a top lieutenant of bin Laden (see below) and was convicted in Egypt for the Sadat assassination;¹⁴ (3) Mohammad Atef, who, as noted above, was apparently killed in the U.S.-led war on Al Qaeda; (4) Rifa'i Taha Musa, about 48, who was arrested in Syria and extradited to Egypt in October 2001; (5) Abbud al-Zumar, leader of the remnants of the original Jihad who is serving a 40 year sentence in Egypt; (6) Talat Qasim, about 44, a propaganda leader of the Islamic Group; and (7) Muhammad Shawqi Islambouli, about 46, the brother of the lead gunman in the Sadat assassination. Islambouli, a military leader of the Islamic Group, also is believed to be associated with bin Laden in Afghanistan.

Al-Qaeda (Osama bin Laden Network)

Founded in 1988, Al-Qaeda (Arabic for "the base"), the network of Osama bin Laden, has evolved from a regional threat to U.S. troops in the Persian Gulf to a global threat to U.S. citizens and national security interests. The September 11, 2001 suicide hijacking attacks, allegedly by Al Qaeda, on the World Trade Center and Pentagon were considered a threat to U.S. national security and led to a U.S. military campaign against Al Qaeda in its primary sanctuary in Afghanistan, and against Al Qaeda's protector, the Islamic fundamentalist Taliban regime. By December 2001, the war had resulted in the ouster of the Taliban from power and the death or capture of thousands of Al Qaeda fighters and operatives in Afghanistan. Bin Laden's fate, and that of his top cohort, Egyptian Islamic Jihad leader Ayman al-Zawahiri, are unknown. Pakistan's leader, President Pervez Musharraf, has said he believes bin Laden most likely has died, but others, particularly U.S. officials, say there is no evidence bin Laden or al-Zawahiri have died.

¹⁴Egypt's Most Wanted. *The Estimate*, December 19, 1997. P.8.

Most experts believe that, whether bin Laden does or does not survive the war, the effort has seriously disrupted Al Qaeda's ability to plan major new acts of terrorism. At least one of bin Laden's top lieutenants, Mohammad Atef, was reportedly killed in the war. Another senior recruiter, Ibn al-Shaykh al-Libi, is in U.S. custody. Zawahiri's family has been killed in the war, according to a death announcement in an Egyptian newspaper. Others say that much of the Al Qaeda network is based outside Afghanistan and its members still pose a substantial threat to U.S. and other targets in the United States and abroad. The fate of other top operatives, including Abu Zubaydah and Saif al-Adl (Mohammad Makawi), is unknown, and some believe that they or any number of other senior Al Qaeda operatives are capable of reconstituting the group even if bin Laden and Zawahiri have not survived.

Those who believe Al Qaeda can last beyond its defeat in Afghanistan note that, in building this network, bin Laden assembled a broad coalition of disparate radical Islamic groups of varying nationalities to work toward common goals – the expulsion of non-Muslim control or influence from Muslim-inhabited lands. The network's ideology, laid out in several pronouncements by bin Laden and his allies, has led Al Qaeda to sponsor Islamic fighters or terrorists against Serb forces in Bosnia; against Soviet forces in Afghanistan and now Russian forces in Chechnya; against Indian control over part of Kashmir; against secular or pro-Western governments in Egypt, Algeria, Saudi Arabia, and Uzbekistan; and against U.S. troops and citizens in the Persian Gulf, Somalia, Yemen, Jordan, and the U.S. mainland itself. Some experts believe this ideology is widely held and can outlive bin Laden or Al Qaeda's formal existence as an organization.

The backbone of Al Qaeda, according to many experts, is the ideological and personal bond among the Arab volunteers who were recruited by bin Laden for the fight against the Soviet occupation of Afghanistan (1979-1989). Reflecting its initial low level of early activity, al-Qaeda was not discussed in U.S. government reports until *Patterns* 1993. That report, which did not mention a formal group name, said that several thousand non-Afghan Muslims fought in the war against the Soviets and the Afghan Communist government during 1979 to 1992,¹⁵ and that many of these fighters had subsequently become engaged in Islamic opposition activity and terrorism.

Al Qaeda's Global Reach. U.S. officials say that Al Qaeda may have a presence in up to 60 countries or locations worldwide. The presence varies widely in scope – from Afghanistan, where Al Qaeda's leadership was welcomed by the Taliban, to Western and Latin American countries in which Al Qaeda operatives are unwelcome but might be active unbeknownst to the government of that country. In some cases, such as Sudan and Yemen, governments are aware of an Al Qaeda presence but might be unwilling or ill-equipped to take action to expel Al Qaeda. In other cases, Al Qaeda activists are linked to opposition movements, such as those in the Persian Gulf countries (Saudi Arabia, Kuwait, Qatar, Bahrain, Oman, and the United Arab Emirates).

¹⁵*Patterns of Global Terrorism: 1993*. Released April 1994. p.4.

In other cases, the Al-Qaeda presence is a function of the activities of its subordinate or affiliate groups, including: Egypt's Islamic Group and Al-Jihad; Algeria's Armed Islamic Group and Salafist Group for Call and Combat, which have been active not only in Algeria but in past acts of terrorism against former colonial power France; the Abu Sayyaf Organization in the Philippines; Harakat ul-Mujahidin (Movement of Islamic Fighters) in Pakistan; the Islamic Movement of Uzbekistan; the Islamic Army of Aden (Yemen); the Asbat al-Ansar (Partisan's Group) in Lebanon; Al Ittihad Islamiya (Islamic Union) in Somalia; and the Libyan Islamic Fighting Group, an opposition movement to Libya's government.¹⁶ Although there are few evident links to Hamas, bin Laden was a follower of Dr. Abdullah al-Azzam, a Palestinian of Jordanian origin who was influential in the founding of both Hamas and al-Qaeda and who was assassinated in 1989. In addition to Afghanistan, Al Qaeda or its affiliates has participated in recent or ongoing wars or insurgencies, such as in Bosnia, Kosovo, Chechnya, and Kashmir. Some Uighur activists in Muslim areas of western China are said to be affiliated with Al Qaeda.¹⁷

In still other cases, Al Qaeda's affiliate groups are active in countries near their main areas of operation. For example, the Islamic Movement of Uzbekistan has transited Tajikistan and Kyrgyzstan in an effort to operate against the government of Uzbekistan. Chechen guerrillas allegedly linked to Al Qaeda have reportedly transited Azerbaijan, and there may be ties between Al Qaeda and an Azeri Islamist opposition group called Hizb e-Tahrir (Liberation Party). In east Asia, Abu Sayyaf and other Islamic activists are said to be operating in Indonesia, and Malaysia, and an alleged Al Qaeda plot against the U.S. embassy in Singapore was reportedly uncovered in January 2002. The Singapore plotters are alleged to be members of an organization called Jemaah Islamiah (Islamic Group), which was created in Malaysia in the mid 1990s and also has a presence in Indonesia and the Philippines.¹⁸ Regarding Indonesia, there is speculation that a group called Laskar Jihad, founded in early 2000 and which advocates anti-Christian violence, is associated with Al Qaeda.¹⁹ Al Qaeda has also been present in some countries in the course of planning or committing acts of terrorism, such as several countries in east Africa, including Kenya, Tanzania, Eritrea, Ethiopia, Somalia, and Uganda.²⁰ A major Al Qaeda terrorist plot was foiled in Jordan in December 1999 (see below), suggesting that there has been Al Qaeda activity there; a segment of that plot, which also was foiled, was attempted by an Al Qaeda cell in Canada.

¹⁶With the exception of the Islamic Group in Egypt, all the organizations mentioned above were listed by Executive Order 13224 as subject to U.S. and international financial restrictions.

¹⁷Pan, Philip. China Links Bin Laden to Separatists. *Washington Post*, January 22, 2002.

¹⁸Chandrasekaran, Rajiv. Al Qaeda's Southeast Asian Reach. *Washington Post*, February 3, 2002.

¹⁹Bonner, Raymond and Jane Perlez. Al Qaeda Seeks Niche in Indonesia, Officials Fear. *New York Times*, January 23, 2002.

²⁰For further information on Al Qaeda activities in Africa, see CRS Report RL31247. Africa and the War on Terrorism, January 17, 2002, by Ted Dagne.

The September 11 attacks demonstrated that Al Qaeda cells can exist even in countries, such as the United States, where Al Qaeda is clearly considered hostile by the government and the population. These countries are working together to uncover and arrest Al Qaeda cells that might remain. Previous investigations of Al Qaeda plots, as well as of the September 11 attacks, have turned up Al Qaeda cells in virtually every country in western Europe, as well as a few countries in eastern Europe, including Poland. Some alleged Al Qaeda activists are reported to have transited a few countries in South America, and those countries are working with U.S. intelligence and law enforcement authorities against Al Qaeda.²¹

History of Terrorist Activities. Bin Laden's network has been connected to a number of acts of terrorism prior to the September 11 attacks. Bin Laden himself has been indicted by a U.S. court for involvement in several of them.

- Bin Laden has claimed responsibility for the December 1992 attempted bombings against 100 U.S. servicemen in Yemen — there to support U.N. relief operations in Somalia (Operation Restore Hope). No one was killed.
- In press interviews, bin Laden has openly boasted that he provided weapons to anti-U.S. militias in Somalia during Operation Restore Hope and that his loyalists fought against U.S. forces there. In a street battle in Mogadishu in October 1993, 18 U.S. special operations forces were killed in a battle with militiamen allegedly supplied and assisted by Al Qaeda. Al Qaeda's involvement with the Somali militias appears to have strengthened bin Laden's view that terrorism and low-technology combat could succeed in causing the United States to withdraw from military involvement abroad.
- The four Saudi nationals who confessed to the November 13, 1995 bombing of a U.S. military training facility in Riyadh, Saudi Arabia, admitted on Saudi television to being inspired by bin Laden and other Islamic radicals. Three of the four who confessed to the bombing were veterans of conflicts in Afghanistan, Bosnia, and Chechnya.
- According to Patterns 1997, members of bin Laden's organization might have aided the Islamic Group assassination attempt against Egyptian President Mubarak in Ethiopia in June 1995.
- There is no direct evidence that bin Laden was involved in the February 1993 bombing of the World Trade Center. However, Patterns 1999 says that bin Laden's network was responsible for plots in Asia believed orchestrated by Ramzi Ahmad Yusuf, who was captured in Pakistan, brought to the United States, and convicted in November 1997 of masterminding the Trade Center bombing. The plots in Asia, all of which failed, were: to assassinate the Pope during his late 1994 visit to the Philippines and President Clinton during his visit there in early 1995; to bomb the U.S. and Israeli embassies in Manila in late 1994; and to bomb U.S. trans-Pacific flights.

²¹For further information, see CRS Report RS21049, *Latin America: Terrorism Issues and Implications for the United States*. October 12, 2001, by Mark Sullivan.

- The August 7, 1998 U.S. embassy bombings in Kenya and Tanzania, which killed 224 persons, including 12 American citizens, occurred just after a six month period in which bin Laden had issued repeated and open threats, including a February 1998 pronouncement calling for the killing of U.S. civilians and servicemen worldwide. On August 20, 1998, the United States launched cruise missiles on bin Laden's training camps in eastern Afghanistan, based on U.S. evidence of his network's involvement in the bombings. The United States also struck a pharmaceutical plant in Sudan that the Administration alleged was linked to bin Laden and was producing chemical weapons agents. U.S. officials add that the bombings were intended to disrupt planning for a new attack. For their alleged role in the bombings, 17 alleged members of al-Qaeda have been indicted by a U.S. court, including bin Laden. Four of the six in U.S. custody have been tried and convicted; three others were arrested and have been convicted in Britain.
- In December 1999, U.S. and Jordanian law enforcement authorities uncovered and thwarted two alleged plots – one in the United States and one in Jordan – to attack U.S. citizens celebrating the new millennium. The United States plot, allegedly to bomb Los Angeles international airport, was orchestrated by a pro-bin Laden cell of Algerian Armed Islamic Group members coming from Canada. In June 2000, Jordan tried 28 persons who allegedly were planning to attack tourists during millennium festivities in that country, but 15 of those charged are still at large. Also in June 2000, Lebanon placed 29 alleged followers of bin Laden – who belong to an organization called Asbat al-Ansar (see above) – on trial for planning terrorist attacks in Jordan. The presence of bin Laden cells in Jordan and Lebanon – coupled with Israeli arrests of alleged bin Laden operatives in the West Bank and Gaza Strip – suggests that Al-Qaeda might plan acts of terrorism in connection with the Palestinian uprising. Some press reports in February 2002 indicate that some Al Qaeda activists who fled Afghanistan after the start of the U.S. war effort have gone to Lebanon. If the reports are true, the fleeing Al Qaeda members might be benefitting from the Asbat al-Ansar network there.
- Patterns 2000 says that “supporters” of bin Laden are suspected in the October 12, 2000 bombing of the destroyer U.S.S. Cole in the harbor of the port of Aden, Yemen. The blast, which severely damaged the ship, killed 17 and injured 39 Navy personnel.
- Although most governments have agreed with the United States that the evidence of Al Qaeda's responsibility for September 11 is clear and compelling, there is little agreement on responsibility for the spate of anthrax mailings in the United States that followed the September 11 events. Five people died in these mailings, which temporarily closed several congressional buildings and post offices. No one has been arrested for the mailings. U.S. officials say it appears, based on tests, that the source of the anthrax was domestic, such as a military research laboratory, but a connection to Al Qaeda has not been ruled out.

SDTs/Executive Orders. President Clinton's August 20, 1998 Executive Order 13099 amended an earlier January 23, 1995 Executive Order (12947) by

naming al-Qaeda as an FTO. The effect of the order was to ban U.S. financial transactions with bin Laden's organization and to allow U.S. law enforcement to freeze any bin Laden assets in the United States that could be identified. The order also named bin Laden as an SDT, along with Rifai Taha Musa, of the Egyptian Islamic Group (see that section above) and Mohammad Atef. Atef and Zawahiri (see above) were indicted along with bin Laden on November 4, 1998 for the Kenya/Tanzania bombings.²²

Al Qaeda Financing. Financially, Al Qaeda drew initially on the personal fortune of bin Laden, variously estimated at anywhere from \$50 million to \$300 million. The organization, according to most press reports, later became relatively self-sustaining, relying on funding from many other sources, including contributions, Islamic charities and lending institutions, such as Al Barakat, and some legitimate businesses, such as a chain of honey shops and bakeries in the Middle East. Executive Order 13224 of September 23, 2001, greatly expanded the number of Al Qaeda related entities under financial restrictions, and increased the scope of the restrictions to include penalties against foreign financial entities that conduct transactions with the named entities. Many of the entities named are individual leaders of Al Qaeda, including those mentioned in this section.²³ The Deputy Treasury Secretary said on January 22, 2002 that about \$80 million in Al Qaeda assets had been uncovered and seized worldwide since Executive Order 13224 was issued. In addition, about \$221 million in assets of the Taliban movement were blocked under Executive Order 13129, issued in July 1999 on the grounds that the Taliban continued to harbor bin Laden. However, in January 2002 the United States released those funds to the new Afghan interim administration.

²²Loeb, Vernon. As U.S. Targets Bin Laden, 2 Top Aides Also Draw Scrutiny. *Washington Post*, July 3, 2000.

²³A complete listing of the entities covered under Executive Order 13224 can be found at the website of the Office of Foreign Assets Control of the Dept. of the Treasury. *Terrorism: What You Need to Know About the U.S. Embargo* [<http://www.treas.gov/ofac/>].

Osama bin Laden

Osama bin Laden, born July 30, 1957 the seventeenth of twenty sons of a (now deceased) Saudi construction magnate of Yemeni origin, gained prominence during the Afghan war against the Soviet Union. Bin Laden's father died in 1968 when the aircraft he was piloting crashed. Bin Laden studied civil engineering in his family's home city of Jeddah, Saudi Arabia, before going to Afghanistan following the Soviet invasion of that country in December 1979. In 1989, after the Afghan war ended, he returned to Saudi Arabia to work in his family's business, the Bin Laden Construction group. However, his radical Islamic contacts and protests against the presence of U.S. troops in Saudi Arabia to combat Iraq's invasion of Kuwait caused him to run afoul of Saudi authorities.

In 1991, bin Laden relocated to Sudan with the approval of Sudan's National Islamic Front (NIF) leader Hasan al-Turabi. There, in concert with NIF leaders, he built a network of businesses, including an Islamic bank (Al Shamal), an import-export firm, and firms that exported agricultural products. An engineer by training, bin Laden also used his family connections in the construction business to help Sudan build roads and airport facilities. The businesses in Sudan, some of which may still be operating, enabled him to offer safe haven and employment in Sudan to al-Qaeda members, promoting their involvement in radical Islamic movements in their countries of origin (especially Egypt) as well as anti-U.S. terrorism. He reportedly has some business interests in Yemen as well and is believed to have investments in European and Asian firms. Bin Laden has said publicly that, while he was in Sudan, there were a few assassination attempts against him.

During his time in Sudan, bin Laden also sponsored a London-based group, the Advisory and Reform Committee, that distributed literature against the Saudi regime. As a result of bin Laden's opposition activities, Saudi Arabia revoked his citizenship in 1994 and his family disavowed him, although his Syrian-born mother and some of his brothers reportedly maintained contact with him. He has no formal role in the operations of the Bin Laden Construction group, which continues to receive contracts from the Saudi government and from other Arab countries. In May 1996, following strong U.S. and Egyptian pressure, Sudan expelled him, and he returned to Afghanistan, under protection of the Taliban movement. Some reports say Sudan offered to extradite him to Saudi Arabia but that Saudi Arabia refused the offer.

On June 7, 1999, bin Laden was placed on the FBI's "Ten Most Wanted List," and a \$25 million reward is offered for information leading to his capture. He is believed to suffer from kidney ailments and the last known video of him, made in early December 2001, showed him to be weakened and possibly injured or ailing. He has several children, including a few sons photographed in Afghanistan by various Middle Eastern media outlets.

The Armed Islamic Group(GIA)

The Armed Islamic Group (GIA, after its initials in French) is experiencing pressure in Algeria similar to that faced by Egyptian Islamist groups in Egypt. According to *Patterns 2000*, a GIA splinter group, the Salafi Group for Call and Combat, is now the more active armed group inside Algeria, although it is considered somewhat less violent in its tactics than is the GIA. Both the GIA and the Salafi Group were subjected to increased financial restrictions under Executive Order 13224, suggesting the U.S. government considers both groups linked to Al Qaeda. Some GIA members, including Ahmad Ressam, were allegedly involved in a thwarted December 1999 plot to detonate a bomb in the United States,²⁴ a plot widely attributed to Al Qaeda by U.S. law enforcement authorities. As noted above, it now appears that the target of the plot was Los Angeles international airport.

The GIA is highly fragmented,²⁵ in part because it does not have an authoritative religious or political figure who can hold its various factions together and arbitrate disputes. Founded by Algerian Islamists who fought in Afghanistan, the GIA formed as a breakaway faction of the then legal Islamic Salvation Front (FIS) political party in 1992, after the regime canceled the second round of parliamentary elections on fears of an FIS victory. According to *Patterns 2000*, the GIA has killed over 100 expatriates in Algeria (mostly Europeans) since 1992, but, in a possible indication of regime counter-terrorism success, no foreigners have been killed in Algeria since 1997. Over the past six years, the GIA has conducted a campaign of civilian massacres, sometimes wiping out entire villages in their areas of operations, in an effort to intimidate rival groups and to demonstrate that the government lacks control over the country. The GIA conducted its most lethal terrorist attack on December 31, 1997, when it killed 400 Algerian civilians in a town 150 miles southwest of Algiers, according to *Patterns 1997*. It should be noted that there are allegations that elements of the regime's security forces and other opposition groups have also conducted civilian massacres.

Over the years, several of the GIA's leaders have been killed battling Algerian security forces. In February 2002, Algerian authorities announced that the GIA's latest leader, Antar Zouabri, was killed in a gun battle with government forces.

Among its acts outside Algeria, the GIA hijacked an Air France flight to Algiers in December 1994, and the group is suspected of bombing the Paris subway system on December 3, 1996, killing four. *Patterns 2000* repeats previous descriptions of the GIA's strength as probably between several hundred to several thousand. The organization receives financial and logistical aid from Algerian expatriates, many of whom reside in Western Europe and in Canada.

²⁴Evidence Is Seen Linking Bin Laden to Algerian Group. *New York Times*, January 27, 2000; Burns, John and Craig Pyes. Radical Islamic Network May Have Come to U.S. *New York Times*, December 31, 1999.

²⁵For more information, see CRS Report 98-219. *Algeria: Developments and Dilemmas*, by Carol Migdalovitz, updated August 18, 1998.

Harakat ul-Mujahidin/Lashkar e-Tayyiba/Jaish e-Mohammad/ Other Islamist Groups in Pakistan

Three Islamic militant organizations based in Pakistan have been named as foreign terrorist organizations. These groups, as well as others discussed below, seek the end of Indian control of Muslim-inhabited parts of the divided region of Kashmir. They are Harakat ul-Mujahidin (Movement of Islamic Fighters), Lashkar e-Tayyiba (Army of the Righteous), and Jaish e-Mohammad (Army of Mohammad). The latter two were designated as foreign terrorist organizations on December 26, 2001, following a December 13, 2001 attack by Pakistani Islamic militants on India's parliament building. The three groups are also designated for financial restrictions under Executive Order 13224.

The largest and most well known of the Pakistani Islamic extremist movements is Harakat ul-Mujahidin (HUM). It is composed of militant Islamist Pakistanis and Kashmiris, as well as Arab veterans of the Afghan war against the Soviet Union who view the Kashmir struggle as a "jihad" (Islamic struggle). The HUM was included in the original October 1997 FTO designations when its name was Harakat al-Ansar. It subsequently changed its name to Harakat ul-Mujahidin, possibly in an attempt to avoid the U.S. sanctions that accompanied its designation as an FTO. Under its new name, the group was redesignated as an FTO in October 1999. An offshoot of the HUM kidnapped and reportedly later killed five Western tourists in Kashmir in 1995. The HUM is believed responsible for the December 1999 hijacking of an Indian airliner because the hijackers demanded the release of an HUM leader, Masood Azhar, in exchange for the release of the jet and its passengers (one of whom was killed by the hijackers).

The group is allied with or part of the Al Qaeda coalition, but it has been focused primarily on expelling Indian troops from Kashmir and does not appear to be part of Al Qaeda's broader struggle against the United States. Then leader of the HUM, Fazlur Rehman Khalil, signed bin Laden's February 1998 pronouncement calling for terrorist attacks on American troops and civilians, although the HUM has not tended to target Americans. According to Patterns 1999, some HUM fighters were killed in the August 20, 1998 U.S. retaliatory strikes on bin Laden's training camps in Afghanistan. Khalil stepped down in February 2000 as leader of the HUM in favor of his second-in-command, Faruq Kashmiri. Kashmiri is not viewed as closely linked to bin Laden as is Khalil, and the move suggested that the HUM was seeking to distance itself from Al Qaeda. Khalil remained as Secretary General of the organization, but he is said to be in hiding since October 2001, fearing arrest by Pakistan after its decision to cooperate with the U.S. war on the Taliban.

Other Islamist Groups in Pakistan. The HUM fights alongside other Pakistani Islamist groups that have not been named as FTOs. They include the following:

- Jaish-e-Mohammed (JEM, Army of Mohammed). This is a more radical splinter group of the HUM formed by Masood Azhar (see above) in February 2000. The group, which attracted a large percentage (up to 75%) of HUM fighters who defected to it when it was formed, is politically aligned with Al

Qaeda, the Taliban, and the pro-Taliban Islamic Scholars Society (Jamiat-i Ulema-i Islam) party of Pakistan. It probably receives some funds from Al Qaeda, according to Patterns 2000. On December 25, 2001, Pakistan detained Masood Azhar, a partial response to Indian demands on Pakistan to curb Kashmir-related terrorism following the December 13 attack on India's parliament building.

- Lashkar-e-Tayyiba (Army of the Righteous) is described by Patterns 2000 as "one of the three largest and best trained groups fighting in Kashmir against India." Led by Professor Hafiz Mohammed Saeed and operating through a missionary organization known as the MDI (Center for Islamic Call and Guidance), its fighters are Pakistanis from religious schools throughout Pakistan, as well as Arab volunteers for the Kashmir "jihad." Pakistan detained Saeed in late December 2001 following the attack on India's parliament building.
- A few other Kashmir-related groups are mentioned in press reports or in Patterns 2000, but they are not analyzed separately in the report or discussed in depth. One is the Harakat-ul Jihad Islami (Islamic Jihad Movement), many of whose fighters defected to the Jaish-e-Mohammed when it was formed. Another group, Lashkar-e-Jhangvi, has called for attacks on the United States and declared itself an ally of bin Laden. The Hizb-ul Mujahedin (Mujahedin Party) is an older, more established, and somewhat more moderate group with few apparent links to bin Laden or to Arab volunteers for the Kashmir struggle.

Islamic Movement of Uzbekistan (IMU)

The Islamic Movement of Uzbekistan (IMU) was named as an FTO on September 25, 2000 after kidnaping four U.S. citizens who were mountain climbing in Kyrgyzstan in August 2000. The IMU's primary objective is to replace the secular, authoritarian government of Uzbekistan's President Islam Karimov with an Islamic regime, and it is believed responsible for setting off five bombs in Tashkent, Uzbekistan on February 16, 1999. One of the bombs exploded in a government building just minutes before Karimov was to attend a meeting there. The government of Uzbekistan blamed the plot on two IMU leaders, Tahir Yuldashev and Juma Namangani, both of whom reportedly enjoyed safe haven in Taliban-controlled Afghanistan.²⁶ Anti-Taliban forces in Afghanistan say Namangani was killed in the U.S. war against the Taliban while commanding Al Qaeda fighters around the city of Mazar e-Sharif in November 2001. Yuldashev's fate is unknown. The government of Uzbekistan is hopeful that the IMU's activities will be significantly reduced by the successful U.S. war effort in Afghanistan. Press reports have indicated that Al Qaeda contributed funds to the IMU,²⁷ although Patterns 2000 says only that the IMU receives "support from other Islamic extremist movements in Central Asia."

²⁶Kyrgyz Lawmaker to Extend Stay in Kabul to Push Talks. *Reuters*, September 29, 1999.

²⁷Kinzer, Stephen. Islamic Militants With Japanese Hostages Hold Kyrgyz at Bay. *New York Times*, October 18, 1999.

Among IMU insurgency operations, in August 1999, Namangani led about 800 IMU guerrillas in an unsuccessful attempt to establish a base in Kyrgyzstan from which to launch cross-border attacks into Uzbekistan. In the course of their operations, the IMU guerrillas kidnaped four Japanese geologists and eight Kyrgyz soldiers. In early August 2000, about 100 guerrillas presumably linked to the IMU seized several villages just inside Uzbekistan, on the Uzbekistan-Tajikistan border. At the same time, a related group of guerrillas battled security forces in neighboring Kyrgyzstan.

Abu Sayyaf Group

The Abu Sayyaf Group, which is a designated FTO, is an Islamic separatist organization operating in the southern Philippines, founded in 1991. Although it is not known to operate in the Near East region, Abu Sayyaf is discussed in this report because of its alleged financial and political ties to Al Qaeda. The group is led by Khadafi Janjalani, brother of its founder, Abdujarak Janjanlani, who was killed in a battle with the Filipino military in 1998. It now raises funds for operations and recruitment by kidnaping foreign hostages. Press reports assess its numeric strength at about 2,000, some of whom have trained in Afghanistan. As of now, it is holding about 12 hostages, including two American citizens, in the southern Philippines. It has also expanded its kidnappings into Malaysia and is suspected of shipping weapons to Muslim extremists in Indonesia who are fighting against Christians there.²⁸

The United States fears that some Al Qaeda fighters who fled the recent fighting in Afghanistan might try to congregate in the Philippines, possibly in territory controlled by the Abu Sayyaf Group. U.S. officials have announced that approximately 600 U.S. military officers are now in the Philippines advising the Filipino military on how to combat the Abu Sayyaf Group.

Islamic Army of Aden

The Islamic Army of Aden, also called the Aden-Abyan Islamic Army, is a Yemen-based radical Islamic organization. It has not been designated by the State Department as an FTO, although it is designated for financial restrictions under Executive Order 13224. Patterns 2000 did not analyze the group as a distinct entity, although the report did mention it in its discussion of terrorism in Yemen. Little is known about the group, but it advocates the imposition of Islamic law in Yemen and the lifting of international sanctions against Iraq, and opposes the use of Yemeni ports and bases by U.S. or other Western countries. Some of the group's members are suspected of having links to bin Laden, and the group was one of three to claim responsibility for the bombing of the U.S.S. Cole on October 12, 2000.

The group first achieved notoriety in December 1998, when it kidnaped sixteen tourists, including two Americans. Three British and one Australian tourist were killed in the course of a rescue attempt by Yemeni security forces; the rest were saved. The group's leader at the time, Zein al-Abidine al-Midhar (Abu Hassan),

²⁸Malaysia Probes Abu Sayyaf Link in Gun Racket - Reports. *Dow Jones Newswire*, August 21, 2001.

admitted to the kidnaping and was executed by the Yemeni government in October 1999. No new leader has been publicly identified.

Even before September 11, Yemen's President Ali Abdullah al-Salih had publicly vowed to eradicate terrorism from Yemen and there is no evidence that the government, as a matter of policy, supported radical Islamist groups or alleged Al Qaeda sympathizers living in Yemen. However, there are areas of Yemen under tenuous government control and experts believe that the Yemeni government has, to some extent, tolerated the presence of Islamic extremists in Yemen. Some government workers are believed to have personal ties to individual Islamists there. Yemen interrogated many people and made a number of arrests in the Cole attack, but some U.S. law enforcement officials have been unsatisfied with its cooperation in that investigation. In mid-December 2001, Yemen government forces attacked tribes in central Yemen believed to be harboring associates of bin Laden, although the attack was unsuccessful and led to U.S. requests to provide Yemen with military advisory assistance.

The former South Yemen (People's Democratic Republic of Yemen, PDRY) was on the U.S. terrorism list during 1979-1990 for supporting left-wing Arab terrorist groups, but was removed from the list when South Yemen merged with the more conservative North Yemen in 1990 to form the Republic of Yemen.

Radical Jewish Groups: Kach and Kahane Chai

Some radical Jewish groups are as opposed to the Arab-Israeli peace process as are radical Islamic groups. The Jewish groups, which derive their support primarily from Jewish settlers in the occupied territories, have been willing to engage in terrorism to try to derail the process. The incidents involving these Jewish groups have declined in recent years, although settlers possibly linked to them have attacked Palestinians throughout the latest Palestinian uprising that began in September 2000. In the October 2001 reissuing of the foreign terrorist organization list, the State Dept. combined Kach and Kahane Chai into a single designation, suggesting that the two have either merged or are so closely associated as to be indistinguishable.

Kach was founded by Rabbi Meir Kahane, who was assassinated in the United States in 1990.²⁹ Kahane Chai (Kahane Lives) was founded by Kahane's son, Binyamin, following his father's assassination. Binyamin Kahane and his wife were killed on December 31, 2000 by a Palestinian group calling itself the "Martyr's of Al-Aqsa." The two Jewish movements seek to expel all Arabs from Israel and expand Israel's boundaries to include the occupied territories and parts of Jordan. They also want strict implementation of Jewish law in Israel. To try to accomplish these goals, the two groups have organized protests against the Israeli government, and threatened Palestinians in Hebron and elsewhere in the West Bank.

²⁹El Sayyid Nosair, a radical Islamist associated with Shaykh Abd al-Rahman and others involved in the World Trade Center bombing, was convicted of weapons possession for the attack on Kahane, but not the murder itself.

On March 13, 1994, the Israeli Cabinet declared both to be terrorist organizations under a 1948 Terrorism Law. The declaration came after the groups publicly stated their support for a February 25, 1994 attack on a Hebron mosque by a radical Jewish settler, Baruch Goldstein, who was a Kach affiliate and an immigrant from the United States. The attack killed 29 worshipers and wounded about 150. Patterns 2000 says that the numerical strength of Kach and Kahane Chai is unknown and repeats previous assertions that both receive support from sympathizers in the United States and Europe. Prime Minister Yitzhak Rabin was killed by Israeli extremist Yigal Amir in November 1995, shortly after signing the Oslo II interim agreement with the Palestinians. Neither Amir nor his two accomplices were known to be formal members of Kach or Kahane Chai, although Amir appears to espouse ideologies similar to those of the two groups.

Blocked Assets. According to the Terrorist Assets Report for 2000, about \$200 belonging to Kahane Chai has been blocked since 1995.

Left-wing and Nationalist Groups

Some Middle Eastern terrorist groups are guided by Arab nationalism or left-wing ideologies rather than Islamic fundamentalism. During the 1980s and 1990s, with the collapse of the Soviet Union and the loss of much of their backing from state sponsors, the left-wing and nationalist groups became progressively less active and were largely eclipsed by militant Islamic groups. However, some of the left-wing nationalist groups have reactivated their terrorist and commando operations since the latest Palestinian uprising began in September 2000.

Palestine Liberation Organization (PLO)

The PLO formally renounced the use of terrorism in 1988, and it reaffirmed that commitment as part of its September 1993 mutual recognition agreement with Israel. The PLO has not been named an FTO by the State Department and Patterns 1995 was the last Patterns report to contain a formal section analyzing the PLO. The PLO is analyzed in this CRS report because of the debate in Congress and among observers over whether the PLO, as the power behind the Palestinian Authority (PA), is taking sufficient steps to prevent Hamas, PIJ, and others from conducting terrorist attacks against Israelis. This debate has intensified since the Palestinian uprising began in September 2000 – the uprising has been accompanied by a significant increase in the frequency of Hamas and PIJ terrorist attacks. Some observers maintain there is evidence that Hamas and PIJ are increasingly cooperating with militant elements linked to the PLO in conducting acts of violence against Israel.

The Bush Administration has become more critical of the PA following Hamas suicide attacks in Jerusalem and Haifa on December 1-2, 2001 that killed 26 persons. The U.S. criticism escalated following Israel's seizure in early January 2002 of a ship carrying 50 tons of Iranian arms bound for the PA and possibly Hamas, according to press reports. The weapons aboard the ship, including long range mortars and plastic explosives – all of which are banned under Palestinian interim agreements with Israel – suggested that PA elements might be planning terrorist attacks against Israel, trying

to build a conventional military option, or attempting to build a capability to combat reprisal attacks on PA facilities.

Patterns 2000 generally credited the PA with working with Israel to disrupt Hamas and PIJ attacks against Israel in the first half of 2000, but the report noted Israel's dissatisfaction with PA anti-terrorism cooperation after the uprising began. An Administration report to Congress on PLO compliance with its commitments (covering December 15, 2000 - June 15, 2001) alleges that factions of the PLO have encouraged or participated in violence against Israel. The factions mentioned include a wing of the Fatah movement called the "Tanzim" (Organization) and a PLO security apparatus called Force 17. On the basis of these allegations, some Members of Congress maintain that Fatah, the Tanzim, Force 17, and a related armed faction that has been conducting attacks on Israel – the Al Aqsa Martyr's Brigade – should be designated as FTOs.

Although some Israelis no longer view Arafat as a partner for peace, others note that many Palestinians have looked to Arafat and the PLO for leadership for more than three decades and that there is no viable alternative to him. Yasir Arafat, who was born August 1, 1929, used the backing of his Fatah guerrilla organization to become chairman of the PLO in 1969. After the PLO and other Palestinian guerrillas were forced out of Jordan in 1970 and 1971, cross border attacks on Israel became more difficult, and some constituent groups under the PLO umbrella resorted to international terrorism. In the wake of the 1973 Arab-Israeli war, international efforts to promote Arab-Israeli peace caused Arafat to limit terrorist attacks largely to targets within Israel, Lebanon, and the occupied territories.

Popular Front for the Liberation of Palestine — General Command (PFLP-GC)

Ahmad Jibril, a former captain in the Syrian army, formed the PFLP-GC in October 1968 as a breakaway faction of the Popular Front for the Liberation of Palestine (PFLP, see below), which he considered too willing to compromise with Israel. He also believed that a conventional military arm was needed to complement terrorist operations, and the group operates a small tank force at its bases in Lebanon, according to observers. Jibril's several hundred guerrillas fought against Israeli forces alongside Hizballah during Israel's occupation of a strip of southern Lebanon, which ended in May 2000. Recent Patterns reports have not attributed any significant terrorist attacks to the PFLP-GC in the past few years. In May 2001, Jibril claimed responsibility for shipping a boatload of weapons to the Palestinians in the occupied territories, although the shipment was intercepted by Israel's navy.

Probably because of Jibril's service in the Syrian military, Syria has always been the chief backer of the PFLP-GC, giving it logistical and military support. In the late 1980s, the PFLP-GC also built a close relationship with Iran, and it receives Iranian financial assistance. Although only Libyan agents have been tried or convicted for the December 21, 1988 bombing of Pan Am 103, there have been persistent reports that Iran approached the PFLP-GC to bomb a U.S. passenger jet in retaliation for the July 3, 1988 U.S. Navy's downing of an Iranian passenger airplane (Iran Air flight 655). According to some theories, the PFLP-GC first pursued such the operation and

abandoned it or, according to other versions, handed off the operation to Libya in what became a successful effort to bomb the flight.³⁰ Patterns 2000 drops assertions in previous Patterns reports that Libya, formerly a major financier of the group, retains ties to the PFLP-GC.

SDTs. Jibril, who is about 64, and his deputy, Talal Muhammad Naji (about 70), have been named as SDTs.

Popular Front for the Liberation of Palestine (PFLP)

After several years of relative inactivity, the PFLP appears to be reviving its attack operations against Israel, particularly following Israel's August 27, 2001 killing of its leader, Abu Ali Mustafa. Israel killed Mustafa with a missile strike on his West Bank office. Mustafa had replaced his longtime mentor, ailing PFLP founder George Habash, as PFLP Secretary-General in July 2000. (In October 1999, in the wake of the PFLP's reconciliation talks with Arafat, Israel had allowed Mustafa to return to Palestinian-controlled territory from exile.) Partly because Mustafa's office was located in a building inhabited by civilians, the United States strongly criticized the Israeli killing of Mustafa – and Israel's policy of targeted killings – as an excessive use of force and unhelpful to efforts to quiet the ongoing violence. In October 2001, the PFLP retaliated for Mustafa by assassinating Israeli tourism minister Rehavam Zeevi. Mustafa's successor, Ahmad Saadat, was arrested in mid-January 2002 by PA authorities as part of Arafat's most recent crackdown on Palestinian terrorism.

The PFLP was founded in December 1967, following the Arab defeat in the Six Day War with Israel in June of that year, by Marxist-Leninist ideologue and medical doctor George Habash, a Christian. The PFLP was active in international terrorism during the late 1960s and the 1970s; on September 6, 1970, PFLP guerrillas simultaneously hijacked three airliners and, after evacuating the passengers, blew up the aircraft. The PFLP opposed the Palestinians' decision to join the Madrid peace process and suspended its participation in the PLO after the September 1993 Israel-PLO Declaration of Principles. In August 1999, in apparent recognition of Arafat's growing control over Palestinian territory, the PFLP held reconciliation talks with him. Arafat reportedly invited the PFLP to send a delegate to the U.S.-brokered summit talks with Israel at Camp David in July 2000, but the PFLP refused. Its terrorist wing had been almost completely inactive in the four years prior to the latest Palestinian uprising, but since then has conducted five car bombings and a few other attacks on Israelis, according to Israeli officials. Patterns 2000 repeats previous estimates of the PFLP's strength as about 800, and says that the group receives logistical assistance and safehaven from Syria. The PFLP is headquartered in Damascus and it reportedly has training facilities in Syrian-controlled areas of Lebanon.

SDTs. George Habash, who is about 76 years old, is named as an SDT. He suffered a stroke in 1992.

³⁰Closing In on the Pan Am Bombers. *U.S. News and World Report*, May 22, 1989. p.23.

Democratic Front for the Liberation of Palestine (DFLP)³¹

As have other non-Islamist Palestinian groups, the DFLP has revived some of its operations since the Palestinian uprising began in September 2000. Since then, the group has claimed responsibility for a few attacks on Israeli military patrols and settlers in the occupied territories, and has openly encouraged the Palestinian uprising. Two commandos from the group attacked a heavily fortified Israeli military position in the Gaza Strip on August 25, 2001, and killed three Israeli soldiers; the two guerrillas were killed in the exchange of fire. Recent Patterns reports estimate the total strength (for all major factions) of the DFLP is about 500. The DFLP may still receive some financial assistance from Syria, where it has its headquarters.

The DFLP formed in 1969 as an offshoot of the PFLP. The DFLP's most noted terrorist attack was the May 1974 takeover of a school in Maalot, in northern Israel, in which 27 schoolchildren were killed and 134 people wounded. It thereafter confined itself largely to small-scale border raids into Israel and infrequent attacks on Israeli soldiers, officials, and civilians in Israel and the occupied territories. The DFLP, still led by its 67-year-old founder Nayif Hawatmeh, abandoned its call for the destruction of Israel in the 1980s. It sought stringent conditions for Palestinian participation in the October 1991 Madrid peace conference and publicly opposed the September 1993 Israel-PLO mutual recognition accords and subsequent interim agreements reached between Israel and the Palestinians. The DFLP began reconciling with Arafat in August 1999 and stated that it might recognize Israel if there were a permanent Israeli-Palestinian peace. In response to the DFLP's apparent moderation, the State Department removed the group from the list of FTOs when that list was revised in October 1999. Also that month, Israel permitted Hawatmeh to relocate to the Palestinian-controlled areas, although he apparently has not moved there permanently. Patterns 1999 was the first Patterns report to exclude the group from its analysis of terrorist organizations. In July 2000, the DFLP was part of the Palestinian delegation to the U.S.-brokered Israeli-Palestinian final status summit negotiations at Camp David.

Palestine Liberation Front (PLF)

The PLF, founded in 1976 as a splinter faction of the PFLP-GC, has been considered dormant for at least the past five years. However, in late November 2001, Israel said it had uncovered a 15-member Iraq-trained PLF cell, which was allegedly responsible for the July 2001 killing of an Israeli youth and a separate bombing that injured five. The group's last major attack was a failed raid on the Israeli resort town of Eilat in May 1992. The leader of the most prominent PLF faction, Abu Abbas (real name, Muhammad Zaydun), has always enjoyed close personal ties to Arafat. Abbas at first opposed Arafat's decision to seek peace with Israel, but, since the mid-1990s, he has accommodated to that decision. In April 1996, Abu Abbas voted to amend the PLO Charter to eliminate clauses calling for Israel's destruction. In April 1998, Israel allowed Abu Abbas to relocate to the Gaza Strip from Iraq, where he had settled after his expulsion from Damascus in 1985.

³¹The DFLP has splintered into factions, but the one headed by Nayif Hawatmeh dominates the organization and is the one discussed in this paper.

During its most active period, the PLF conducted several high-profile attacks. Its most well-known operation was the October 1985 hijacking of the Italian cruise ship *Achille Lauro*, in which the group murdered disabled U.S. citizen Leon Klinghoffer and held the other passengers hostage for two days. Abu Abbas and his team surrendered to Egyptian forces in exchange for a promise of safe passage. They were apprehended at a NATO airbase in Italy after U.S. aircraft forced down the Egyptian airliner flying them to safehaven. Abu Abbas, who was not on board the *Achille Lauro* during the hijacking, was released by the Italian government but later sentenced in absentia. A warrant for his arrest is outstanding in Italy but the Justice Department dropped a U.S. warrant in 1996 for lack of evidence. The four other hijackers were convicted and sentenced in Italy.³² (On April 30, 1996, the Senate voted 99-0 on a resolution (S.Res. 253) seeking Abu Abbas' detention and extradition to the United States.) On May 30, 1990, the PLF unsuccessfully attempted a seaborne landing, from Libya, on a Tel Aviv beach. Arafat refused to condemn the raid and, as a consequence, the United States broke off its dialogue with the PLO, which had begun in 1988. The dialogue resumed in September 1993, following the mutual Israeli-PLO recognition agreement.

SDTs. Abu Abbas, who was born in 1948, has been named an SDT. He underwent guerrilla training in the Soviet Union.³³

Abu Nidal Organization (ANO)

The international terrorist threat posed by the Abu Nidal Organization has receded because of Abu Nidal's reported health problems (leukemia and a heart condition), internal splits, friction with state sponsors, and clashes with Arafat loyalists. It still has a few hundred members and a presence in Palestinian refugee camps in Lebanon, in addition to its reported headquarters in Iraq, but it has not attacked Western targets since the late 1980s. During the 1970s and 1980s, the ANO carried out over 90 terrorist attacks in 20 countries, killing about 300 people. One of its most well-known operations was a December 27, 1985 attack at airports in Rome and Vienna, in which 18 died and 111 were injured. One month earlier, ANO members hijacked Egypt Air 648, resulting in the deaths of 60 people. On September 6, 1986, ANO gunmen killed 22 at a synagogue (Neve Shalom) in Istanbul. The group is suspected of assassinating top Arafat aides in Tunis in 1991 and a Jordanian diplomat in Lebanon in January 1994.

Also known as the Fatah Revolutionary Council, the ANO was created in 1974 when Abu Nidal (real name, Sabri al-Banna), then Arafat's representative in Iraq, broke with the PLO over Arafat's willingness to compromise with Israel. U.S. engagement with Iraq in the early stages of the 1980-88 Iran-Iraq war contributed to Iraq's expulsion of Abu Nidal to Syria in November 1983, but Syria expelled the group four years later to reduce scrutiny on the country as a sponsor of terrorism. Abu Nidal left his next home, Libya, in April 1998, after a schism between pro and

³²Of the four, one is still in jail, two were paroled in 1991, and one, Yusuf al-Mulqi, escaped in 1996 while on prison leave.

³³Holmes, Paul. *Achille Lauro Mastermind Looks Back at 50*. Reuters, June 24, 1998.

anti-Arafat members of Abu Nidal's group. He relocated to Cairo, where he stayed until December 1998, when more infighting caused his presence in Egypt to become public, and therefore a foreign policy problem for Egypt. He has been in Iraq since, but there is no hard evidence that Abu Nidal is reviving his international terrorist network on his own or on Baghdad's behalf.³⁴

SDTs. Abu Nidal, who was born in 1937 in Jaffa (part of what is now Israel), is the only ANO member named an SDT. He faces no legal charges in the United States, according to an ABC News report of August 25, 1998, but he is wanted in Britain and Italy. His aide, Nimer Halima, was arrested in Austria in January 2000.

Other Non-Islamist Organizations

Three groups designated as FTOs primarily are attempting to influence the domestic political structures or the foreign policies of their countries of origin. Two of them operate against the government of Turkey and the other against the government of Iran.

Kurdistan Workers' Party (PKK)³⁵

The PKK appears to be in transition from a guerrilla and terrorist organization to a political movement. It was founded in 1974 by political science student Abdullah Ocalan, who is now about 53 years old, with the goal of establishing a Marxist Kurdish state in southeastern Turkey, where there is a predominantly Kurdish population. It claims to have changed its goals somewhat to focus on greater cultural and political rights within Turkey. The PKK generally targeted government forces and civilians in eastern Turkey, but it has operated elsewhere in the country and attacked Turkish diplomatic and commercial facilities in several Western European cities in 1993 and 1995. The United States sides with Turkey in viewing the PKK as a terrorist organization, but wants to see a peaceful resolution of the conflict, and encourages Turkey to provide greater cultural and linguistic rights to the Kurds.

The PKK's transition accelerated in October 1998 when Turkish military and diplomatic pressure forced Syria to expel PKK leader Ocalan and the PKK. Ocalan, who is about 52, sought refuge in several countries, but Turkey, acting on information reportedly provided by the United States, captured him as he was leaving Greece's embassy in Kenya in early 1999. He was tried and, on June 29, 1999, sentenced to death for treason and the murder of about 30,000 Turks since 1984. The implementation of the sentence has been suspended pending appeals to the European Court of Human Rights. In August 1999, he called on his supporters to cease armed operations against the Turkish government, a decision affirmed at a PKK congress in

³⁴Ibid.

³⁵For more information on the PKK, see CRS Report 94-267, *Turkey's Kurdish Imbroglia and U.S. Policy*, by Carol Migdalovitz, Mar. 18, 1994. The PKK is distinct from Iranian and Iraqi Kurdish organizations that the State Department does not consider terrorist and which, in the case of Iraqi Kurds, benefit from U.S. support.

January 2000. PKK violence against the Turkish government has since subsided, but not ended, and many of the PKK's estimated 5,000 fighters remain encamped and active across the border in Iran and Kurdish-controlled northern Iraq and have conducted a few minor terrorist attacks since.

Revolutionary People's Liberation Party/Front (DHKP/C)

The DHKP/C is becoming more active after a long period of virtual dormancy. This Marxist organization, still commonly referred to by its former name, Dev Sol, was formed in 1978 to oppose Turkey's pro-Western tilt and its membership in the North Atlantic Treaty Organization (NATO). Since the late 1980s, the DHKP/C (which corresponds to its acronym in Turkish) has concentrated attacks on Turkish military and security officials, but it has since 1990 attacked foreign interests, according to Patterns 2000. The group assassinated two U.S. military contractors in Turkey to protest the Gulf War against Iraq and it rocketed the U.S. consulate in Istanbul in 1992. An attempt by the group to fire an anti-tank weapon at the consulate in June 1999 was thwarted by Turkish authorities. Also foiled was a planned attack by the group in August 2000 on Incirlik air base, which hosts U.S. aircraft patrolling a "no fly zone" over northern Iraq. The group attacked an Istanbul police station, killing one police officer, in January 2001.

The People's Mojahedin Organization of Iran (PMOI)

The People's Mojahedin Organization of Iran (PMOI), the dominant organization within a broader National Council of Resistance (NCR), has left-wing roots but it is not composed of an ethnic minority. It was formed in the 1960's as an opponent of the Shah's authoritarian rule and was part of the broad movement that overthrew the Shah. In 1981, the PMOI turned against the Islamic revolutionary regime of Ayatollah Khomeini when Iran's clerics violently excluded the PMOI and other groups from major roles in the new government, but the PMOI rebellion was suppressed and some of its leaders fled Iran to continue their political activities in exile. The group claims that it has abandoned what some experts describe as a left-wing past and that it is committed to free markets and democracy. However, the State Department noted in a 1994 congressionally-mandated report that there is no record of an internal debate over the change in ideology, and there is reason to doubt the organization's sincerity. The group publicly supports the Arab-Israeli peace process and the rights of Iran's minorities.

The State Department's longstanding mistrust of the group is based not only on the group's past activities, but on its killing of several U.S. military officers and civilians during the struggle against the Shah, its alleged support for the takeover of the U.S. Embassy in Tehran in 1979, its authoritarian internal structure, and its use of Iraq as base for its several thousand member military wing. The State Department named the PMOI an FTO in October 1997 on the grounds that it kills civilians in the course of its anti-regime operations inside Iran. In one of its most high-profile attacks, the group claimed responsibility for the April 10, 1999 assassination in Tehran of a senior Iranian military officer. However, the group does not appear to purposely target civilians. In the October 1999 revision of the FTO list, the State Department, partly in response to an Iranian government request, named the NCR as

an alias of the PMOI, meaning that FTO-related sanctions now apply to the NCR as well. The NCR's offices in the United States have not been closed by U.S. law enforcement authorities, because its U.S. chapter was not included in the FTO designation. Seven persons were arrested in California in March 2001 for allegedly soliciting donations for the group, which, if proved, would be a violation of FTO sanctions regulations. Other supporters of the group often operate under the names of local Iranian expatriate organizations. In 1998, a majority of the House signed a letter questioning the State Department's designation of the group as an FTO, and some Members state that the group merits U.S. support as an alternative to the current regime in Tehran. Some Members and outside experts believe that the PMOI was designated as an FTO as a gesture of goodwill to Iran after the election of Mohammad Khatemi in 1997.³⁶

The PMOI is led by Masud and Maryam Rajavi. Masud leads the PMOI's military forces based in Iraq and he is President of the NCR. His wife Maryam, who is now with him in Iraq after leaving France in 1997, is the organization's choice to become interim president of Iran if it were to take power. Mozagan Parsaii is the organization's Secretary General.

Middle Eastern Terrorism List Countries

U.S. officials maintain that they have made a number of gains in their efforts to reduce state sponsorship of terrorism. Five Middle Eastern countries are on the terrorism list — Iraq, Iran, Syria, Sudan, and Libya.³⁷ In the case of Libya, Sudan, and, to a lesser extent, Iraq, U.S. and international pressure, coupled with internal developments in some of these states, have reduced their support for international terrorism long before September 11. Of the Middle Eastern countries on the list, Sudan appears to be the closest to achieving removal. The State Department openly acknowledges working with Sudan to help it meet the remaining requirements for removing it from the list, and has praised its cooperation against Al Qaeda after September 11. In the case of Iran and Syria, however, U.S. efforts have had little success in curbing the support of these governments for terrorist groups.

Under Section 6(j) of the Export Administration Act, removal from the list requires 45 day advance notification to the House International Relations Committee, the Senate Foreign Relations Committee, and the Senate and House Banking Committees, that the country has ceased support for international terrorism and pledges to continue doing so. Also under that provision, a major change of government in the listed country can serve as grounds for immediate removal from the list.

³⁶Kempster, Norman. US Designates 30 Groups as Terrorists. *Los Angeles Times*, October 9, 1997.

³⁷Along with Cuba and North Korea, these countries have been designated by the Secretary of State, under Section 6(j) of the Export Administration Act of 1979 (50 U.S.C. App. 2405(j)) as having repeatedly provided state support for international terrorism.

Iran³⁸

Iran's sponsorship of terrorist groups appears to be setting back the prospects for reconciliation between the United States and Iran. U.S.-Iran relations were improving prior to September 11 and subsequently in the course of tacit cooperation in the war against the Taliban. However, in January 2002, the United States and Israel alleged that Iran sold a large shipment of arms to the Palestinian Authority. Israel seized the ship before its cargo was offloaded. The episode expanded U.S. concerns about Iran's sponsorship of terrorism by indicating a link between Iran and Palestinian groups who are not Islamic in nature and with which Tehran has previously had few links. In his January 29, 2002 State of the Union message, President Bush was highly critical of Iran, calling it a part of an "axis of evil" with Iraq and North Korea.

Patterns 2000, as has been the case for the past 6 years, again characterized Iran as "the most active" state sponsor of international terrorism. However, the report, as did Patterns 1999, attributes Iran's terrorism support to specific institutions – the Revolutionary Guard and the Ministry of Intelligence and Security – rather than the Iranian government as a whole. These institutions are controlled by Supreme Leader Ali Khamene'i, who espouses hardline positions on most foreign and domestic policies. This characterization suggests that the State Department believes President Mohammad Khatemi and his allies genuinely wish to overcome Iran's reputation as a "terrorist state" in order to further ease Iran's isolation. Indicating that Khatemi is attempting not to differ with Khamene'i, Patterns 2000 cites statements by Khatemi as well as by hardline leaders calling for the destruction of Israel. In an apparent positive signal to Iran, Patterns 2000, for the third year in a row, cites PMOI attacks on Iranian officials as justification for Iran's claim that it is a victim of terrorism.

Although no major international terrorist attacks have been linked to Iran since Khatemi took office in August 1997, the United States has not publicly noted any diminution of Iranian material support for terrorist groups opposed to the Arab-Israeli peace process, such as those groups discussed earlier in this paper. Patterns 2000 notes that Iran has encouraged Hizballah and Palestinian terrorist groups to escalate attacks on Israel in the context of the Palestinian uprising. Iran also has been accused by regional governments of sponsoring assassinations of anti-Shiite Muslim clerics in Tajikistan and Pakistan, and of supporting Shiite Muslim Islamic opposition movements in the Persian Gulf states and Iraq. On the other hand, U.S. officials acknowledge that Iran has improved relations with its Gulf neighbors dramatically in recent years, and that its support for Gulf opposition movements has diminished sharply. Iran also has largely ceased attacks on dissidents abroad that were so prominent during the tenures of Khatemi's predecessors.

In handing down indictments of 14 people in June 2001, the Department of Justice stated its belief that Iran was involved in the June 1996 Khobar Towers bombing in Saudi Arabia, which killed 19 U.S. airmen. No Iranians were among those indicted, but the indictments detail the role of Iranian security personnel in

³⁸For further information, see CRS Issue Brief IB93033, *Iran: Current Developments and U.S. Policy*. Updated regularly, by Kenneth Katzman.

inspiring and supervising the plot, which was carried out by members of Saudi Hizballah. Eleven of the 14 are in custody in Saudi Arabia, and Saudi Arabia says they will be tried there and not extradited to the United States.³⁹ Many experts believe that the Saudi and U.S. governments have sought to avoid firmly pressing the Khobar case against Iran – legally or diplomatically – in order not to undermine Khatemi (who was elected after the bombing) or reduce the chance to improved relations with Iran.

Syria⁴⁰

Syria has expressed public support for the U.S. war on terrorism and has emphasized that Syria itself has long combated Islamic movements in Syria. At the same time, Syria is attempting to deflect U.S. and international scrutiny of its role as host to terrorist groups. Syria's position is that the movements it hosts are legitimate resistance movements against Israeli occupation. On that basis, Syria refuses to expel the groups in Syria and areas of Lebanon that Syria controls.

Even before September 11, Patterns 2000 was more critical of Syria than was Patterns 1999, which came close to promising that Syria would be removed from the terrorism list if it signed a peace agreement with Israel. This appeared to signal that U.S. hopes had receded that President Bashar al-Assad would be more flexible on foreign policy than his father, the late Hafez al-Assad, who Bashar succeeded in June 2000 upon his death. Far from praising Syria for restraining terrorist groups as was the case in some past Patterns report, Patterns 2000 says that Syria allowed Hamas to open a new office in Damascus in March 2000. The report adds that Syria did not act to stop Hizballah or Palestinian terrorist groups, operating in Syria or areas under Syrian control or influence, from launching anti-Israel attacks. Syria continues to allow Iran to resupply Hizballah through the Damascus airport, and has allowed visiting Iranian officials to meet with anti-peace process terrorist organizations based in Syria. It also publicly opposed suggestions that Hizballah be disarmed by U.N. peacekeepers after the militia seized positions in southern Lebanon vacated by Israel during its May 2000 withdrawal.

Syria also provides sanctuary to the PFLP-GC and other non-Islamist Palestinian groups. There are no indications that Al Qaeda members are welcome in Syria. A group active in Lebanon, Asbat al-Ansar (Partisans' Group) is believed linked to Al Qaeda and was named to the list of entities covered under Executive Order 13224 restrictions. Syria exercises substantial influence over Lebanon, but Lebanon arrested several Asbat members in 1999-2000 and there is no information to suggest that the group operates with Syrian or Lebanese government approval.

Patterns 2000 does state that Syria is generally upholding its pledge to Turkey not to support the PKK. Some believe that Syria's position on the PKK is the result of Syria's fear of Turkey's potential threat to use armed force against Syria, and not

³⁹MacFarquhar, Neil. Saudis Say They, Not U.S., Will Try 11 in '96 Bombing. *New York Times*, July 2, 2001.

⁴⁰For further information, see CRS Issue Brief IB92075, *Syria: U.S. Relations and Bilateral Issues*. Updated regularly, by Alfred Prados.

a unilateral Syrian desire to sever relations with the PKK. An alternate interpretation is that Syria wants to sustain the recent improvement in its bilateral relationship with Turkey. Also, *Patterns 2000* states that Syria appears to have maintained its long-standing ban on attacks launched from Syrian territory or against Western targets.

Despite its position on the terrorism list, the United States maintains relatively normal relations with Syria. The two countries exchange ambassadors and most forms of non-military U.S. trade with and U.S. investment in Syria are permitted, subject to various licensing restrictions.

Libya⁴¹

The Pan Am 103 bombing issue has been at the center of U.S. policy toward Libya for more than a decade, and will likely prevent any major rapprochement as long as Muammar Qadhafi remains in power. However, some press reports citing unnamed Administration officials indicate that the Bush Administration might consider easing sanctions, perhaps including removing Libya from the terrorism list outright, if outstanding Pan Am 103 issues are resolved.⁴² After an article to this effect appeared in January 2002, Bush Administration officials sought to downplay the possibility that Libya would be removed from the list anytime soon.

Most experts believe Libya has reduced its involvement with terrorist groups, at least for now. In 1998, prior to the handover, Libya had expelled Abu Nidal, it was reducing its contacts with other radical Palestinian organizations, and it expressed support for Yasir Arafat. In an effort to reward Libya's positive steps, in 1999 a U.S. official began meeting with a Libyan diplomat for the first time since 1981, and the U.S. trade ban was modified to permit exports of food and medicine. On the other hand, reflecting the difficulties of assessing Libya's intentions, *Patterns 2000* stated that it is unclear whether Libya's distancing itself from its "terrorist past" signifies a true change in policy.

Pan Am 103 Issues. The Pan Am attack, on December 21, 1988, killed 259 people aboard plus 11 on the ground. Three U.N. Security Council resolutions — 731 (January 21, 1992); 748 (March 31, 1992); and 883 (November 11, 1993) — called on Libya to turn over the two Libyan intelligence agents (Abd al-Basit Ali al-Megrahi and Al Amin Khalifah Fhimah) suspected in the bombing, and to help resolve the related case of the 1989 bombing of French airline UTA's Flight 772. The U.N. resolutions prohibited air travel to or from Libya and all arms transfers to that country (Resolution 748); and froze Libyan assets and prohibited the sale to Libya of petroleum-related equipment (Resolution 883). In accordance with U.N. Security Council Resolution 1192 (August 27, 1998), the sanctions were suspended, but not terminated, immediately upon the April 5, 1999 handover of the two to the Netherlands. There, their trial under Scottish law began on May 3, 2000 and ended on January 31, 2001 with the conviction of al-Megrahi and the acquittal of Fhimah.

⁴¹For further information on Libya and its involvement in terrorism, see CRS Issue Brief IB93109, *Libya*, by Clyde Mark, (updated regularly).

⁴²Slavin, Barbara. U.S. May Take Libya Off Terror Sponsor List. *USA Today*, January 23, 2002.

Megrahi began the appeal process in January 2002. In March 2000, a group of U.S. security officials visited Libya briefly to assess whether to lift the U.S. restriction on the use of U.S. passports for travel to Libya. The restriction has not been lifted.

The January 31, 2001 conviction of al-Megrahi brought some closure to the Pan Am case but also reinforced the perception among the Pan Am victims' families and others that Libyan leader Muammar Qadhafi had, at the very least, foreknowledge of the bombing. Immediately upon the conviction, President Bush stated that the United States would maintain unilateral sanctions on Libya and oppose permanently lifting U.N. sanctions until Libya: (1) accepts responsibility for the act; (2) compensates the families of the victims; (3) renounces support for terrorism; and (4) discloses all it knows about the plot. In January 2002, some persons involved in pursuing a compensation agreement with Libya expressed optimism about a settlement.⁴³

Other Terrorism Issues. There is no evidence that Libya has supported Al Qaeda, and it appears to view Al Qaeda as more of a threat than a potential ally. A Libyan opposition group, the Libyan Islamic Fighting Group, is linked to Al Qaeda and was designated for financial restrictions under Executive Order 13224. The group allegedly tried to assassinate Qadhafi in 1996, and Libya has provided the United States some information on the group subsequent to the September 11 attacks. In the early 1990s, the Libyan government indicted bin Laden for allegedly supporting the Libyan Islamic Fighting Group.

Libya has tried to appear cooperative in resolving other past acts of terrorism. In March 1999, a French court convicted six Libyans, in absentia, for the 1989 bombing of a French airliner, UTA Flight 772, over Niger. One of them is Libyan leader Muammar Qadhafi's brother-in-law, intelligence agent Muhammad Sanusi. Although it never acknowledged responsibility or turned over the indicted suspects, in July 1999 Libya compensated the families of the 171 victims of the bombing, who included seven U.S. citizens. In July 1999, Britain restored diplomatic relations with Libya after it agreed to cooperate with the investigation of the 1984 fatal shooting of a British policewoman, Yvonne Fletcher, outside Libya's embassy in London. It is alleged that a Libyan diplomat shot her while firing on Libyan dissidents demonstrating outside the embassy.

In what some construe as part of the effort to improve its international image, Libya also has tried to mediate an end to conflicts between Eritrea and Ethiopia, and within Sudan and the Democratic Republic of the Congo. However, some believe Libya is trying to extend its influence in Africa rather than broker peace, and some in Congress and the Administration assert that Libya continues to arm rebel groups in Africa, such as the Revolutionary United Front in Sierra Leone.⁴⁴ In March 2000, a group of U.S. security officials visited Libya briefly to assess whether to lift the U.S. restriction on the use of U.S. passports for travel to Libya. The restriction has not been lifted.

⁴³Slavin, Barbara. U.S. May Take Libya Off Terror Sponsor List.

⁴⁴Libya Must Fulfill All Requirements to Have Sanctions Lifted. USIS Washington File, July 22, 1999.

Sudan⁴⁵

Sudan appears closest of any of the Near Eastern countries on the terrorism list to being removed, despite congressional and outside criticism over its prosecution of the war against Christian and other rebels in its south. Prior to the September 11 attacks, the State Department said it was engaged in discussions with Sudan with the objective of getting Sudan “completely out of the terrorism business and off the terrorism list.”⁴⁶ The Administration has praised Sudan’s cooperation with the U.S. investigation of Al Qaeda and the September 11 plot. In recognition of this cooperation, the Administration did not block a U.N. Security Council vote on September 28, 2001 to lift U.N. sanctions on Sudan.

In recent years, Sudan has signaled a willingness to assuage international concerns about its support for terrorism. In August 1994, Sudan turned over the terrorist Carlos (Ilyich Ramirez Sanchez) to France. In December 1999, Sudan’s President Umar Hassan al-Bashir, a military leader, politically sidelined Sudan’s leading Islamist figure, Hassan al-Turabi. In February 2001, Turabi was arrested, and has remained under house arrest since May 2001. Turabi was one of the primary proponents of Sudan’s ties to region-wide Islamic movements, including Al Qaeda, the Abu Nidal Organization, Hamas, PIJ, Egypt’s Islamic Group and Al Jihad, Hizballah, and Islamist rebel movements in East Africa – the ties that prompted the United States to place Sudan on the terrorism list in August 1993. According to *Patterns 2000*, by the end of 2000 Sudan had signed all 12 international conventions on combating terrorism.

One issue that apparently has been resolved is Sudan’s compliance with three Security Council resolutions adopted in 1996: 1044 of January 31; 1054, of April 26; and 1070 of August 16. The resolutions demanded that Sudan extradite the three Islamic Group suspects in the June 1995 assassination attempt against President Mubarak in Ethiopia, restricted the number of Sudanese diplomats abroad, and authorized a suspension of international flights by Sudanese aircraft, although the last measure was never put into effect. According to the *Washington Post* of August 21, 2001, the Bush Administration has concluded that Sudan has ended its support for the terrorists involved in the bomb plot.

The United States has tried to promote further progress on terrorism by slowly increasing engagement with Sudan. The United States removed its embassy staff from Khartoum in February 1996, although diplomatic relations were not broken. U.S. diplomats posted to Sudan have since worked out of the U.S. Embassy in Kenya, but have made consular visits to the embassy in Khartoum. Beginning in mid-2000, U.S. counter-terrorism experts have visited Sudan to discuss U.S. terrorism concerns and monitor Sudan’s behavior on the issue. A U.S. envoy for Sudan, former Senator John Danforth, was appointed on September 6, 2001.

⁴⁵For further information see CRS Issue Brief IB98043, *Sudan: Humanitarian Crisis, Peace Talks, Terrorism, and U.S. Policy*. Updated regularly, by Theodros S. Dagne.

⁴⁶*Patterns 2000*, p. 31.

There is lingering resentment among some Sudanese against the United States because of the August 20, 1998 cruise missile strike on the al-Shifa pharmaceutical plant in Khartoum, conducted in conjunction with the strike on bin Laden's bases in Afghanistan. The United States destroyed the plant on the grounds that it was allegedly contributing to chemical weapons manufacture for bin Laden. Although the Clinton Administration asserted that the al-Shifa strike was justified, several outside critics maintained that the plant was a genuine pharmaceutical factory with no connection to bin Laden or to the production of chemical weapons. The plant owner's \$24 million in U.S.-based assets were unfrozen by the Administration in 1999, a move widely interpreted as a tacit U.S. admission that the strike was in error.

Iraq⁴⁷

U.S.-Iraq differences over Iraq's regional ambitions and its record of compliance with post-Gulf war ceasefire requirements will probably keep Iraq on the terrorism list as long as Saddam Husayn remains in power. Some U.S. officials want to expand the "war on terror" to Iraq despite a lack of hard evidence of Iraqi involvement in the September 11 attacks. President Bush, in his January 29, 2002 State of the Union message, suggested Iraq was part of an "axis of evil" along with North Korea and Iran, a statement that some took as an indication that the United States would eventually take action against Iraq. Even those U.S. officials who oppose extending the war to Iraq assess Iraq's record of compliance with its postwar obligations as poor, and its human rights record as abysmal. However, international pressure on Iraq on these broader issues appears to have constrained Iraq's ability to use terrorism.

Patterns 2000, as have the past few Patterns reports, notes that Iraq continues to plan and sponsor international terrorism, although Iraq's activities are directed mostly against anti-regime opposition, those Iraq holds responsible for its past defeats, or bodies that represent or implement international sanctions against Iraq. These trends apparently accord with recent Central Intelligence Agency judgments of Iraq's terrorism policy, according to a *New York Times* report of February 6, 2002. That press report added that the CIA has no evidence Iraq has planned anti-U.S. terrorism since it organized a failed assassination plot against former President George H.W. Bush during his April 1993 visit to Kuwait, which triggered a U.S. retaliatory missile strike on Iraqi intelligence headquarters. The *Times* report also said that the CIA is "convinced" Iraq has not provided chemical or biological weapons to Al Qaeda or other terrorist groups.

Among recent developments, in October 1998, Iraqi agents allegedly planned to attack the Prague-based Radio Free Iraq service of Radio Free Europe/Radio Liberty, although no attack occurred. Czech officials say an Iraqi intelligence officer in Prague met with September 11 lead hijacker Muhammad Atta in early 2001, reportedly to discuss an attack on the radio facility. Some observers believe the meeting suggests an Iraqi role in the September 11 attacks. Iraq, which historically has had close ties to Yasir Arafat, has given some support to anti-peace process Palestinian groups, and

⁴⁷For further information, see CRS Issue Brief IB92117, *Iraqi Compliance With Ceasefire Agreements*. Updated regularly, by Kenneth Katzman.

hosts the Abu Nidal Organization, Abu Abbas' Palestine Liberation Front, and other minor groups. As a lever in its relations with Iran, Iraq continues to host and provide some older surplus weaponry to the PMOI's army, the National Liberation Army (NLA), which has bases near the border with Iran. However, Iraq apparently has reduced support for the group as Iraq's relations with Tehran have improved over the past two years.

Table 2. Blocked Assets of Middle East Terrorism List States
(As of End 2000)

Country	Assets in U.S.
IRAN (added to terrorism list January 19, 1984)	\$23.2 million, consisting of blocked diplomatic property and related accounts. (A reported additional \$400 million in assets remain in a Defense Dept. account pending resolution of U.S.-Iran military sales cases) ⁴⁸
IRAQ (on list at inception, December 29, 1979. Removed March 1982, restored to list September 13, 1990)	\$2.356 billion, primarily blocked bank deposits. Includes \$596 million blocked in U.S. banks' foreign branches, and \$173 million in Iraqi assets loaned to a U.N. escrow account.
SYRIA (on list since inception)	No blocked assets.
SUDAN (added August 12, 1993)	\$33.3 million in blocked bank deposits.
LIBYA (on list since inception)	\$1.073 billion, primarily blocked bank deposits.

Principal Source: 2000 Annual Report to Congress on Assets in the United States Belonging to Terrorist Countries or International Terrorist Organizations. Office of Foreign Assets Control, Department of the Treasury. January 2001.

Countering Near Eastern Terrorism

Prior to September 11, there was little agreement on a strategy for countering the terrorism threats discussed above. The apparent success of the U.S. military campaign against the Taliban and Al Qaeda in Afghanistan apparently has prompted wider acceptance of the utility of military force than was the case previously. Observers tend to agree that the continued success against Al Qaeda and other terrorist groups will depend on sustained bilateral, multilateral, or international cooperation with U.S. efforts.

⁴⁸Pincus, Walter. Bill Would Use Frozen Assets to Compensate Terrorism Victims. *Washington Post*, July 30, 2000.

Not all options focus on pressuring states or groups; some experts believe that diplomatic engagement with some state sponsors and U.S. efforts to address terrorists' grievances could be more effective over the long term. The United States has claimed some successes for its policy of pressuring state sponsors, but there are signs that the United States is now incorporating a greater degree of engagement into its policy framework. At the same time, the United States has not dropped the longstanding stated U.S. policy of refusing to make concessions to terrorists or of pursuing terrorism cases, politically or legally, as long as is needed to obtain a resolution.

An exhaustive discussion of U.S. efforts to counter terrorism emanating from the region is beyond the scope of this paper, but the following sections highlight key themes in U.S. efforts to reduce this threat.⁴⁹

Military Force

The success of the U.S. military against the Taliban movement of Afghanistan that had protected the Al Qaeda organization has, according to many experts, validated the utility of military force against terrorism. Some believe that many governments are now moving against Al Qaeda cells and other terrorist groups present in their countries, fearing that U.S. military force might be used against regimes that tolerate the presence of terrorist groups. Advocates of broad application of military force believe that military action against Al Qaeda in Afghanistan has severely disrupted that organization's ability to plan new acts of terrorism. Skeptics of further military action maintain that conditions in Afghanistan are unique and that the anti-terrorism campaign in Afghanistan cannot easily be replicated elsewhere. U.S. officials say that the continued campaign against Al Qaeda might unfold differently elsewhere, including the use of U.S. military advisers to help governments destroy Al Qaeda sanctuaries in other countries.

U.S. military attacks were conducted in retaliation for terrorist acts sponsored by Libya and Iraq, as well as those allegedly sponsored by Al Qaeda. On April 15, 1986, the United States sent about 100 U.S. aircraft to bomb military installations in Libya. The attack was in retaliation for the April 2, 1986 bombing of a Berlin nightclub in which 2 U.S. military personnel were killed, and in which Libya was implicated. On June 26, 1993, the United States fired cruise missiles at the headquarters in Baghdad of the Iraqi Intelligence Service, which allegedly sponsored a failed assassination plot against former President George Bush during his April 14-16, 1993 visit to Kuwait. (Other U.S. retaliation against Iraq since 1991 has been triggered by Iraqi violations of ceasefire terms not related to terrorism.) The August 20, 1998 cruise missile strikes against the bin Laden network in Afghanistan represented a U.S. strike against a group, not a state sponsor. The related strike on a pharmaceutical plant in Sudan could have been intended as a signal to Sudan to sever any remaining ties to bin Laden.

⁴⁹ Further discussion of these issues is provided by CRS Issue Brief IB95112. *Terrorism, the Future, and U.S. Foreign Policy*. Updated regularly, by Raphael Perl.

The effectiveness of other U.S. military action against terrorist groups or state sponsors is difficult to judge. Libya did not immediately try to retaliate after the 1986 U.S. strike, but many believe that it did eventually strike back by orchestrating the Pan Am 103 bombing. Since the 1993 U.S. strike, Iraq has avoided terrorist attacks against high profile U.S. targets, but it has continued to challenge the United States on numerous issues related to its August 1990 invasion of Kuwait. The 1998 airstrikes against Al Qaeda did not prompt the Taliban leadership to extradite or expel bin Laden from Afghanistan, nor did the strikes deter bin Laden's network from engaging in further terrorist activities, including September 11.

Unilateral Economic Sanctions

The United States has been willing to apply economic sanctions unilaterally, particularly against state sponsors of terrorism, in an effort to pressure those states to expel terrorist groups they host. Analysts doubt that unilateral U.S. economic sanctions, by themselves, can force major changes in the behavior of state sponsors of terrorism. Major U.S. allies did not join the U.S. trade ban imposed on Iran in May 1995 and the move did not, in itself, measurably alter Iran's support for terrorist groups. On the other hand, virtually all Middle Eastern terrorism list states have publicly protested their inclusion on the list and other U.S. sanctions, suggesting that these sanctions are having an effect politically and/or economically. U.S. officials assert that U.S. sanctions, even if unilateral, have made some terrorism state sponsors "think twice" about promoting terrorism.

To demonstrate that improvements in behavior can be rewarded, in April 1999 the Clinton Administration announced that it would permit, on a case-by-case basis, commercial sales of U.S. food and medical products to Libya, Sudan, and Iran. The move relaxed the bans on U.S. trade with the three countries. As noted previously, all three have recently shown some signs of wanting to improve their international images.

Terrorism List Sanctions. Under a number of different laws,⁵⁰ the placement of a country on the terrorism list triggers a wide range of U.S. economic sanctions, including:

- a ban on direct U.S. foreign aid, including Export-Import Bank guarantees.
- a ban on sales of items on the U.S. Munitions Control List.
- a requirement that the United States vote against lending to that country by international institutions.

⁵⁰The list of sanctions are under the following authorities: Section 6(j) of the Export Administration Act, as amended [P.L. 96-72; 50 U.S.C. app. 2405 (j)]; Section 40 of the Arms Export Control Act, as amended [P.L. 90-629; 22 U.S.C. 2780]; and Section 620A of the Foreign Assistance Act of 1961, as amended [P.L. 87-195; 22 U.S.C. 2371]; and Section 1621 of the International Financial Institutions Act [22 U.S.C. 262c].

- strict licensing requirements for sales to that country, which generally prohibit exports of items that can have military applications, such as advanced sensing, computation, or transportation equipment.

A U.S. trade ban has been imposed on every Middle Eastern terrorism list state, except Syria, under separate executive orders. Placement on the terrorism list **does not** automatically trigger a total ban on U.S. trade with or investment by the United States. In addition, foreign aid appropriations bills since the late 1980s have barred direct and indirect assistance to terrorism list and other selected countries, and mandated cuts in U.S. contributions to international programs that work in those countries. As shown in **Table 2** above, the United States also tries to maintain some leverage over terrorism list states and groups by blocking some of their assets in the United States.

Some U.S. sanctions are “secondary sanctions,” imposing penalties on countries that help or arm terrorism list countries. Sections 325 and 326 of the Anti-Terrorism and Effective Death Penalty Act (P.L. 104-132) amended the Foreign Assistance Act by requiring the President to withhold U.S. foreign assistance to any government that provides assistance or lethal military aid to any terrorism list country. In April 1999, three Russian entities were sanctioned under this provision for providing anti-tank weaponry to Syria; sanctions on the Russian government were waived.

“Non-Cooperating List.” The 1996 Anti-Terrorism act also gave the Administration another option besides placing a country on the terrorism list. Section 303 of that Act created a new list of states that are deemed “not cooperating with U.S. anti-terrorism efforts,” and provided that states on that list be barred from sales of U.S. Munitions List items. Under that provision, and every year since 1997, Afghanistan – along with the seven terrorism list countries – has been designated as not cooperating. No U.S. allies have been designated as “not cooperating,” although the provision was enacted following an April 1995 incident in which Saudi Arabia did not attempt to detain Hizballah terrorist Imad Mughniyah when a plane on which he was believed to be a passenger was scheduled to land in Saudi Arabia.⁵¹ Possibly in an attempt to avoid similar incidents, on June 21, 1995, President Clinton signed Presidential Decision Directive 39 (PDD-39), enabling U.S. law enforcement authorities to capture suspected terrorists by force from foreign countries that refuse to cooperate in their extradition.⁵²

The Clinton Administration rejected several outside recommendations – most recently those issued in June 2000 by the congressionally-mandated National Commission on Terrorism – to place Afghanistan on the terrorism list. The Clinton Administration said that placing Afghanistan on the list would imply that the United States recognizes the Taliban movement as the legitimate government of Afghanistan, a position later adopted by the Bush Administration. However, President Clinton, on July 4, 1999, issued Executive Order 13129, imposing sanctions on the Taliban that are similar to those imposed on terrorism list countries and on foreign terrorist organizations. The order imposed a ban on U.S. trade with areas of Afghanistan

⁵¹Hizballah Denies Mughniyah on Board Plane. FBIS-NES-95-079. Apr. 25, 1995. p.44.

⁵²Policy on Terror Suspects Overseas. *Washington Post*, February 5, 1997.

under Taliban control, froze Taliban assets in the United States, and prohibited contributions to Taliban by U.S. persons. The Clinton Administration justified the move by citing the Taliban's continued harboring of bin Laden.

Also in its June 2000 report, the National Commission on Terrorism recommended naming Greece and Pakistan as not fully cooperating with U.S. anti-terrorism efforts. The Clinton Administration rejected those recommendations as well. In *Patterns 2000*, the State Department implied that Pakistan and Lebanon were potential candidates for the terrorism list, or possibly the "not cooperating" list, for supporting or tolerating operations by terrorist groups.⁵³ On the other hand, *Patterns 2000* did credit both Pakistan and Lebanon with anti-terrorism cooperation in selected cases. In the aftermath of the September 11 attacks and Pakistan's decision to align itself with the U.S. war effort, the United States has praised Pakistan's cooperation, lifted U.S. sanctions, and begun a new foreign assistance program for that country.

Multilateral Sanctions

In concert with U.S. unilateral actions, the United States has sought to enlist its friends, allies, and other countries to employ multilateral sanctions against Middle Eastern terrorism. As noted above, the United States led efforts to impose international sanctions on Libya and Sudan for their support of terrorism, and both those states sought to distance themselves from terrorist groups. This suggests that the perception of isolation caused by the U.N. sanctions was a factor in the terrorism policy decisions of these countries. In 1998 and 1999, the United States and Russia jointly worked successfully to persuade the United Nations Security Council to adopt sanctions on the Taliban because of its refusal to extradite bin Laden. U.N. Security Council Resolution 1267, adopted October 15, 1999, banned flights outside Afghanistan by its national airline, Ariana, and directed U.N. member states to freeze Taliban assets. The United States and Russia teamed up again to push another resolution (U.N. Security Council Resolution 1333, adopted December 19, 2000) that, among other measures, imposed an international arms embargo on the Taliban only, not on opposition factions.⁵⁴ These measures began to be implemented just prior to the September 11 attacks, but did not cause the Taliban to waiver in its refusal to hand over bin Laden.

Counter-Terrorism Cooperation

Successive administrations have identified counter-terrorism cooperation with friendly countries as a key element of U.S. policy. In one important regional example, the United States has sought to contain Hizballah by providing military and law enforcement assistance to the government of Lebanon. In the past few years, the United States has sold Lebanon non-lethal defense articles such as armored personnel carriers. In 1994, on a one-time basis, the United States provided non-lethal aid,

⁵³*Patterns 2000*, p. 32.

⁵⁴Miller, Judith. Russians Join U.S. To Seek New Sanctions on Taliban. *New York Times*, August 4, 2000.

including excess trucks and equipment, to Palestinian Authority security forces in an effort to strengthen them against Hamas and PIJ.

Prior to September 11, the United States had been expanding a counter-terrorism dialogue with Russia and the Central Asian states against Islamic militant groups linked to Al Qaeda. All of these countries subsequently aligned themselves, openly or tacitly, with the U.S. war against the Taliban and Al Qaeda. Every year since 1999, the State Department hosted a multilateral conference of senior counter-terrorism officials from the Middle East, Central Asia, and Asia, focusing on combating the terrorism threat from Afghanistan. These conferences and meetings have often resulted in agreements to exchange information, to conduct joint efforts to counter terrorist fundraising, and to develop improved export controls on explosives and conventions against nuclear terrorism.⁵⁵ For the past few years, the United States has been providing some detection equipment and a few million dollars in financial assistance to the Central Asian states to help them prevent the smuggling of nuclear and other material to terrorist groups such as Al Qaeda. The measure yielded some results in April 2000, when Uzbek border authorities used this equipment to detect and seize ten containers with radioactive material bound for Pakistan.⁵⁶

The United States has worked with the European Union (EU) to exert influence on Iran to end its sponsorship of terrorism. In exchange for relaxing enforcement of U.S. sanctions under the Iran-Libya Sanctions Act (P.L. 104-172), which would have sanctioned EU firms that invest in Iran's energy industry, in mid 1998 the United States extracted a pledge from the EU to increase cooperation with the United States against Iranian terrorism. In May 1998, the EU countries agreed on a "code of conduct" to curb arms sales to states, such as Iran, that might use the arms to support terrorism. However, the code is not legally binding on the EU member governments.⁵⁷

Terrorism Fundraising Cooperation. In January 2000, the United States signed a new International Convention for the Suppression of Terrorist Financing, which creates an international legal framework to investigate those involved in terrorist financing. Since September 11, the United States has made cooperation against terrorism fundraising a major priority in its dealings with other countries, particularly Middle Eastern countries where much of the fundraising for Al Qaeda is conducted.

Selective Engagement

As noted in the discussions of terrorism list countries, the Administration has shown increasing willingness to engage state sponsors, once these countries have demonstrated some willingness to curb support for terrorism. U.S. officials justify engagement with the argument that doing so creates incentives for terrorism list

⁵⁵Patterns 1998. p. V.

⁵⁶Bryen, Stephen. "The New Islamic Bomb." *Washington Times*, April 10, 2000.

⁵⁷"Plan Still Lets Rogue States Buy Arms." *Associated Press*, May 26, 1998.

countries to continue to reduce their support for international terrorism. On the other hand, critics believe that terrorism list countries are likely to view a U.S. policy of engagement as a sign that supporting terrorism will not adversely affect relations with the United States.

Of the Middle Eastern terrorism list countries, the United States engages in bilateral dialogue with all except Iran and Iraq. The United States has called for a dialogue with Iran, but Iran has thus far refused on the grounds that the United States has not dismantled what Iran calls “hostile” policies toward that country – a formulation widely interpreted to refer to U.S. sanctions. Iraq has asked for direct talks with the United States, but the United States has rejected the suggestion on the grounds that Iraq is too far from compliance with Gulf war-related requirements to make official talks useful.

Legal Action

Legal action against terrorist groups and state sponsors had become an increasingly large component of U.S. counter-terrorism strategy, although the September 11 attacks and U.S. military response has, to some extent, diminished support among observers for this option. In the case of the bombing of Pan Am 103, the Bush Administration chose international legal action – a trial of the two Libyan suspects – over military retaliation. A similar choice has apparently been made in the Khobar Towers bombing case, although that legal effort consists of U.S. indictments of suspects and not a U.N.-centered legal effort. The United States is planning to try some Al Qaeda fighters captured in Afghanistan, although the U.S. strategy has been primarily to defeat Al Qaeda militarily rather than treat the September 11 attacks primarily as a criminal case.

Congress has attempted to give victims of international terrorism a legal option against state sponsors. The Anti-Terrorism and Effective Death Penalty Act of 1996 (Section 221) created an exception to the Foreign Sovereign Immunity for Certain Cases (28 U.S.C., Section 1605), allowing victims of terrorism to sue terrorism list countries for acts of terrorism by them or groups they support. Since this provision was enacted, a number of cases have been brought in U.S. courts, and several multimillion dollar awards have been made to former hostages and the families of victims of groups proven in court to have been sponsored by Iran. In 2000, the Clinton Administration accepted compromise legislation to use general revenues to pay compensatory damage awards to these successful claimants, with the stipulation that the President try to recoup expended funds from Iran as part of an overall reconciliation in relations and settlement of assets disputes. The provision, called the “Justice for Victims of Terrorism Act,” was incorporated into the Victims of Trafficking and Violence Protection Act of 2000 (P.L. 106-386). The Clinton and Bush Administrations have opposed directly tapping frozen Iranian assets in the United States – such as selling Iran’s former embassy in Washington – on the grounds that doing so could violate diplomatic sovereignty or provoke attacks on U.S. property or citizens abroad.

The Domestic Front

The September 11 attacks have exposed the vulnerability of the United States homeland to Middle Eastern-inspired terrorism as no other previous event. The October-November 2002 anthrax mailings also exposed U.S. vulnerabilities, although it is not known whether these incidents were related to September 11, other Middle Eastern-related terrorism, or activity by groups in the United States not connected to the Middle East. The September 11 attacks have sparked stepped up law enforcement investigation into the activities of Islamic networks in the United States and alleged fundraising in the United States for Middle East terrorism.

Some observers allege that Middle Eastern terrorist groups, including Al Qaeda, have extensive political networks in the United States, working from seemingly innocent religious and research institutions and investment companies.⁵⁸ PIJ leader Shallah, before being tapped to lead PIJ, taught at the University of South Florida in the early 1990s and ran an affiliated Islamic studies institute called the World and Islam Studies Enterprise (WISE). Some observers believe that extraordinary security measures are needed to ferret out Al Qaeda cells in the United States.

Others have challenged this view, saying that most American Muslims oppose the use of violence, and donate money to organizations that they believe use the funds solely for humanitarian purposes. Some post-September 11 U.S. domestic counter-terrorism efforts, particularly those dealing with immigration and investigative powers, have drawn substantial criticism from U.S. civil liberties groups, which have expressed concern about excessive intrusions by law enforcement authorities. Some Arab-American and American Muslim organizations have long complained that U.S. residents and citizens of Arab descent are unfairly branded as suspected terrorists, and that this sentiment increased dramatically after September 11. As part of their criticism, these organizations point to erroneous initial accusations by some terrorism experts that Islamic extremists perpetrated the Oklahoma City bombing in April 1995.

⁵⁸Emerson, Steven. Islamic Terror: From Midwest to Mideast. *Wall Street Journal*, August 28, 1995.

CRS Report for Congress

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Quadrennial Defense Review (QDR): Background, Process, and Issues

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Summary

The congressionally mandated Quadrennial Defense Review (QDR) directs DoD to undertake a wide-ranging review of strategy, programs, and resources. Specifically, the QDR is expected to delineate a national defense strategy consistent with the most recent National Security Strategy by defining force structure, modernization plans, and a budget plan allowing the military to successfully execute the full range of missions within that strategy. The report will include an evaluation by the Secretary of Defense and Chairman of the Joint Chiefs of Staff of the military's ability to successfully execute its missions at a low-to-moderate level of risk within the forecast budget plan. The results of the 2001 QDR could well shape U.S. strategy and force structure in coming years. This report will be updated as future events warrant.

Background

The Quadrennial Defense Review for 2001 is a congressionally mandated review of national defense strategy. The Secretary of Defense is required to analyze, among other things, force structure, modernization plans, military infrastructure, and the defense budget with a view towards establishing a roadmap for defense programs for the next 20 years. This comprehensive assessment could profoundly effect the nation's ability to carry out its national security strategy in the new millennium.

Genesis of QDR 2001. The 1990s produced a number of defense related studies meant to reshape American military strategy in light of the downfall of the Soviet Union and the end of the Cold War. These studies included the "Base Force" structure, the Bottom Up Review, the Commission on Roles and Missions, the Quadrennial Defense Review of 1997, and the 1997 National Defense Panel. In the early 1990s the Chairman of the Joint Chiefs of Staff, General Colin Powell, coined the term "Base Force." It was used to designate a proposed structure representing the minimum armed forces necessary for the United States to meet the national security objectives defined by policy makers,

notably the capability to conduct two major theater wars simultaneously.¹ In 1993, the Bottom Up Review (BUR) acknowledged the significant changes in the global security environment by articulating a strategy where the Department of Defense sought to prevent conflict by promoting democracy and peaceful resolution of conflict while connecting the U.S. military to the militaries of other countries, especially those of the former Soviet Union.² The BUR addressed the need for peacekeeping and peace enforcement operations but used the two major theater war (MTW) scenario as the main force shaping construct.³ Iraq and North Korea were seen as regional powers able to initiate simultaneous conflicts requiring a U.S. military response. Their capabilities in turn drove force planning, structure, and capabilities of the American military forces.

The BUR was criticized on various grounds. Some thought the resultant construct was merely a budget driven review and failed to adequately address the challenges of the new international security environment. As a result, in the 1994 National Defense Authorization Act, Congress mandated the Commission on Roles and Missions (CORM). The CORM was later criticized for failing to depart from the two-MTW scenario. Its most significant contributions included suggestions that DoD undertake a major quadrennial strategy review and that the Chairman of the Joint Chiefs of Staff develop a clear vision for future joint operations.⁴ Reacting to one of the CORM recommendations, Congress directed the 1997 Quadrennial Defense Review as a method to conduct a “fundamental and comprehensive examination of America’s defense needs.”⁵

The First QDR. QDR 97 described a strategy of “shape, respond, prepare” in which the military must shape the environment through deterrence and engagement, remain prepared to engage in a spectrum of conflicts ranging from small scale contingencies to major theater war, and prepare for an uncertain future. In addition, the report acknowledged the military must contend with additional threats including the proliferation of weapons of mass destruction, advanced technologies, the drug trade, organized crime, uncontrolled immigration, and threats to the U.S. homeland.⁶ As with the BUR and CORM, the QDR retained the two-MTW construct as its force shaping tool. As a result, the 1997 QDR was again criticized by many as a budget driven assessment of what military force structure would be like if funded at present budget levels.

The Military Force Structure Review Act of 1996 established the independent National Defense Panel (NDP) as a forum to review the results of the 1997 QDR. The NDP report took exception to what it termed broadly as the QDR’s less than ambitious

¹ Lorna S. Jaffe, *The Development of the Base Force 1989-1992*, Washington, DC: Joint History Office (OCJCS), July 1993, p. 21.

² Les Aspin, *Report on the Bottom Up Review*, Section I, “National Security in the Post-Cold War Era.”

³ *Ibid.*, Section II, “A Defense Strategy for the New Era.”

⁴ Center for Strategic and Budgetary Analysis, “Commission on Roles and Missions,” reprinted at [<http://www.csbaonline.org>].

⁵ William S. Cohen, *Report of the Quadrennial Defense Review*, Washington, DC: Department of Defense, May 1997, Section I.

⁶ *Ibid.*, Section II.

plan for defense transformation, stating that, “our current security arrangements--will not be adequate to meeting the challenges of the future.”⁷ It also recommended a comprehensive look at scaling back or cancelling “legacy systems.”⁸ Most significantly the NDP report challenged the requirement to fight two major theater wars simultaneously as simply a force sizing tool and not a viable strategy. The two-MTW construct was criticized as a means to justify Cold War based force structure and as a roadblock to implementing transformation strategies enabling the military to prepare for future threats.⁹

The second Quadrennial Defense Review is now fully under way. The 2001 QDR presents an opportunity to assess future U.S. security challenges and link them to an overarching military strategy designed to protect the interests of the U.S. as a whole. Its results however, are not binding, and may be significantly altered by the administration.

QDR Process

The 106th Congress created a permanent requirement for a Quadrennial Defense Review by inserting Section 118 into Chapter 2 of title 10, United States Code, which states that every four years the Secretary of Defense will:

.....conduct a comprehensive examination of the national defense strategy, force structure, force modernization plans, infrastructure, budget plan, and other elements of the defense program and policies of the United States with a view towards determining and expressing the defense strategy of the United States and establishing a defense program for the next 20 years.¹⁰

The purpose of the 2001 QDR as stated in the National Defense Authorization Act for Fiscal Year 2000 is to 1) delineate a military strategy consistent with the most recent National Security Strategy¹¹, 2) define the defense programs to successfully execute the full range of missions assigned the military by that strategy, and 3) identify the budget plan necessary to successfully execute those missions at a low-to-moderate level of risk.

The questions listed below are intended to assist DoD in formulating a comprehensive military strategy in light of the evolving international security environment and rapidly emerging technologies. Congress specifically requires the Secretary of Defense to consider precision guided munitions, stealth, night vision, digitization, and communications as he formulates his preferred force structure options for the next 20 years.¹²

⁷ *Transforming Defense: National Security in the 21st Century*, Report of the National Defense Panel, December 1997, p. 21.

⁸ The report cited the Army’s M1A1 Abrams Tank upgrades, the Crusader artillery vehicle, the Comanche helicopter, the Navy’s last Nimitz-class carrier, and the defense-wide tactical aircraft programs (F/A-18E/F, F-22, and Joint Strike Fighter) as likely candidates for cancelling or scaling back to make room in the budget for new systems focused on future challenges.

⁹ Report of the National Defense Panel, p. 23.

¹⁰ *Congressional Record*. August 5, 1999, p. H7527.

¹¹ *A National Security Strategy for a New Century* was published in December, 1999, and is available on-line at [http://www.dtic.mil/doctrine/jel/other_pubs.htm].

¹² *Congressional Record*. August 5, 1999, p. H7527.

The Quadrennial Defense Review Congressional Mandate

The Department of Defense is to submit a report to Congress by September 30, 2001, which will include an assessment by the Secretary of Defense and the Chairman of the Joint Chiefs of Staff defining the magnitude of the political, strategic, and military risks associated with carrying out the missions as expressed in the QDR strategy. Congress has specifically requested the report include answers to the following questions:

- (1) The results of the review, including a comprehensive discussion of the national defense strategy of the United States and the force structure best suited to implement that strategy at a low-to-moderate level of risk.
- (2) The assumed or defined national security interests of the United States that inform the national defense strategy defined in the review.
- (3) The threats to the assumed or defined national security interests of the United States that were examined for the purposes of the review and the scenarios developed in the examination of those threats.
- (4) The assumptions used in the review, including assumptions relating to: A) readiness; B) the cooperation of allies, mission-sharing and benefits and burdens resulting from coalition operations; C) warning times; D) levels of engagement in operations other than war and smaller-scale contingencies; and, E) the intensity, duration, and military and political end-states of conflicts and smaller-scale contingencies.
- (5) The effect on the force structure and on readiness for high-intensity combat of preparations for and participating in operations other than war and smaller-scale contingencies.
- (6) The manpower and sustainment policies required under the national defense strategy to support engagement in conflicts lasting longer than 120 days.
- (7) The anticipated roles and missions of the reserve components in the national defense strategy and the strength, capabilities, and equipment necessary to assure that the reserve components can capably discharge those roles and missions.
- (8) The appropriate ratio of combat forces to support forces (commonly referred to as the tooth-to-tail ratio) under the national defense strategy, including, in particular, the appropriate number and size of headquarters units and Defense Agencies for that purpose.
- (9) The strategic and tactical air-lift, sea-lift, and ground transportation capabilities required to support the national defense strategy.
- (10) The forward presence, pre-positioning, and other anticipatory deployments necessary under the national defense strategy for conflict deterrence and adequate military response to anticipated conflicts.
- (11) The extent to which resources must be shifted among two or more theaters under the national defense strategy in the event of conflict in such theaters.
- (12) The advisability of revisions to the Unified Command Plan as a result of the national defense strategy.
- (13) The effect on force structure of the use of the armed forces of technologies anticipated to be available for the ensuing 20 years.
- (14) Any other matter the Secretary considers appropriate.

QDR Input. While OSD is responsible for the integration of the QDR effort, it is the Joint Staff that will gather the data and formulate the inputs from the individual Services, the combatant commands, and Defense Agencies into the end result. The Joint Staff QDR organization is led by a general officer steering committee that will receive input from eight different panels. Those panels are Strategy and Risk Assessment; Force Generation, Capability and Structure; Modernization; Sustainment, Strategic Mobility and Infrastructure; Readiness; Transformation, Innovation and Joint Experimentation; Information Superiority; and Human Resources. Each panel's input will go to a Preparation Group which is assisted by an Integration Group providing budget, analysis, and administrative support. The Joint Requirements Oversight Council, the Service Operational Deputies, and the Joint Chiefs of Staff will provide guidance and help resolve panel issues as needed. Recent information suggests that OSD will form six major issue panels to develop options and make recommendations for the QDR report. Those panels are tentatively: strategy; force structure; capabilities and investment; information warfare, intelligence, and space; personnel and readiness support infrastructure; and joint organizations.¹³

¹³ Elaine M. Grossman, "Pentagon to Perform Quadrennial Defense Review at Lightning Pace," *Inside the Pentagon*, May 31, 2001, p. 1.

QDR Process Issues

Several process issues will garner attention as the QDR is undertaken. First, the timing of the QDR itself may be called into question. Numerous major policy actions by the Bush Administration must be considered prior to delineating the National Security Strategy. Second, determining the appropriate military strategy with which to frame the review will be a crucial step. Last, prior studies were criticized by some as being a budget driven process as opposed to strategy driven. Although the military strategy ultimately defined by the QDR will most likely have budgetary limitations, it is deemed essential to provide a clear picture of how that strategy effectively defends U.S. national interests.

Timing of the QDR. As discussed earlier, the QDR process was established as a Title 10 requirement for the Secretary of Defense to conduct a QDR “every four years, during a year evenly divisible by four” and to submit the report to Congress “not later than September 30 of the year in which the review is conducted.”¹⁴ The National Security Strategy is due in June of 2001 with the QDR report to follow by September 30, 2001. If the administration substantially changes previous security strategy, DoD will most likely require more time to formulate its strategy and concepts based on the new National Security Strategy and delineate a coherent military strategy within which to frame the QDR. It has been suggested by some that the administration take a different approach to the review. Conducting a broad strategic review and using it to establish priorities with a more extensive study to follow might allow both the administration and DoD to take a more measured view.¹⁵ This method could affect the administration’s first budget submission in 2002. Using results of QDR97 to shape the defense budget until the comprehensive study is complete might allow the administration to more coherently translate its National Security Strategy into a different or revamped defense strategy. This approach would require Congress to amend the QDR legislation now in law.

Appropriate Strategy. Structuring our military forces on the premise the U.S. military will need to fight two simultaneous regional conflicts provided a logical yardstick during the Cold War and time frame immediately afterward. Some see it as a less likely occurrence in today’s environment given the lack of eligible adversaries that could muster the necessary forces and resources to create that scenario. Since that time, it has been criticized as being more an argument to retain the current force structure at the expense of restructuring. Opponents of the two-MTW construct contend it is difficult to substantiate the necessity of countering major, cross-border, conventional conflicts in the current international security environment. The emerging asymmetric threats of terrorism, narco-trafficking, weapons of mass destruction, information warfare, environmental sabotage, anti-access operations, and other low intensity operations may dictate a different approach to force sizing.¹⁶ Conversely, modifying or completely changing the current

¹⁴ *Congressional Record*. August 5, 1999, p. H7527.

¹⁵ *Quadrennial Defense Review 2001 Working Group*, Report of the National Defense University, November 2000, p. 7.

¹⁶ *Seeking a National Strategy: A Concert for Preserving Security and Promoting Freedom*, The Phase II Report on a U.S. National Security Strategy for the 21st Century, Washington, DC: United States Commission on National Security/21st Century, April 1, 2000, pp. 14-15. There is no (continued...)

strategy may have an impact on our allies around the world. Changing the two-MTW construct could be perceived by some allies as a lack of resolve and backing away from current security commitments.

Strategy/Budget Mismatch. The cost of most strategies considered will probably exceed current budget levels. Estimates range from over \$20 billion to \$100 billion per year shortfall to fund the 1997 QDR force.¹⁷ The Iraqi no-fly zone enforcement, the Balkans peacekeeping force, and numerous other small scale commitments continue to place a strain on the current budget. Budget estimates for transforming the military to meet future threats while maintaining a credible force to deter current threats or win possible conflicts far outreach the proposed defense budgets in the current future years defense program.¹⁸ The overall goal of the QDR process is to create a defense strategy, complementing the National Security Strategy, bounded by a budget that ensures a “low-to-moderate level of risk” when executed. In order to do this, most defense specialists see a likely necessity to either increase the defense budget, restructure and reduce current costs, or reduce the demands of the current defense strategy. They have urged that the QDR approach as monitored by Congress address those hard choices.

Conclusion

Besides the process issues mentioned above, Congress may be interested in other aspects of the QDR. It will be important to ensure the DoD QDR organization is an effective analytic structure that emphasizes jointness and total force thinking versus protection of individual service equities or service budget shares. The roles of the regional commander-in-chiefs should be analyzed as they compete for limited service resources during growing commitments. The transformation strategies of each service could require a reassessment of procurement decisions of systems designed for conventional battle as the United States moves further into the information age. The methods of estimating the risks involved in changing the strategy, the construct the strategy is based upon, and the transformation philosophies of the services could well affect the outcome of the QDR. Translating the QDR into a coherent and useful defense strategy to guide the United States into an uncertain future will require challenging choices by the Congress and Bush Administration.

¹⁶ (...continued)

indication what impact, if any, these reports will have on the Pentagon’s QDR strategy.

¹⁷ Daniel Goure and Jeffrey Ranney of the Center for Strategic and International Studies, in their 1999 book, *Averting the Defense Train Wreck in the New Millennium*, espouse a \$100 billion per year shortfall whereas analysts at the Center for Strategic Budgetary Assessments believe the shortfall will exceed \$20 billion per year.

¹⁸ The Army alone is estimating a \$70 billion price tag for its transformation process between 2000 and 2014. See Ron Laurenzo’s article in *Defense Week*, February 14, 2000, “Army ‘Vision’ to Cost \$70 Billion Through 2014.”

CRS Report for Congress

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Iran: Arms and Technology Acquisitions

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Iran: Arms and Technology Acquisitions

Summary

Successive U.S. administrations since Iran's 1979 Islamic revolution have viewed Iran as a potential threat to U.S. allies and forces in the Persian Gulf and in the broader Middle East, and have sought to limit its military capabilities. The apparent rise of moderate elements inside Iran led the Clinton Administration to seek to engage Iran in a formal governmental dialogue, and to state that Iran has legitimate defense needs. At the same time, the Clinton Administration and Congress were wary that Iran's political evolution could stop or reverse course, and they did not ease U.S. efforts to deny Iran the arms and technology with which it could dominate or intimidate pro-U.S. countries in the region. Available data indicate the United States has had mixed success in achieving these goals.

Iran has generally lacked the indigenous skills to manufacture sophisticated conventional arms or independently develop weapons of mass destruction (WMD), and one of Iran's objectives has been to obtain the technology and skills to become self-sufficient. Iran has come a long way toward that objective in certain areas, including ballistic missiles and chemical weapons. However, in the aggregate, Iran remains reliant on foreign suppliers. This dependence has given the United States some opportunity to work with potential suppliers to contain Iran's WMD capabilities. European allies of the United States have agreed not to sell conventional weaponry to Iran, and the United States has persuaded its European allies not to sell any technology that could have military applications ("dual use items") to Iranian military or security entities.

To try to thwart U.S. efforts, Iran has cultivated close relationships with foreign suppliers that are not allied to the United States, especially Russia, China, and North Korea. Curtailing arms and technology supplies to Iran has formed an important part of the U.S. agenda with all three of these countries, but more pressing U.S. objectives with each of them have sometimes hampered the U.S. ability to dissuade them from assisting Iran. Iran apparently continues to receive critical technology from all three, but U.S. efforts appear to be bearing some fruit in limiting their arms and technology supply relationships with Iran.

U.S. attempts to prevent foreign arms and technology assistance to Iran has prompted a debate over U.S. policy toward supplier states. Congress and successive Administrations have enacted several laws and executive orders, many of which are similar to each other, that impose sanctions on countries and firms that sell WMD technology to Iran. The most recent measure enacted is the Iran Nonproliferation Act (P.L. 106-178), signed in March 2000. The Clinton Administration generally preferred diplomacy and engagement with supplier states, and it used the threat of sanctions to obtain supplier cooperation. Some in Congress maintain that U.S. efforts to halt technology flows to Iran would be more effective if there were a broader and sustained U.S. willingness to sanction supplier states.

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Iran: Arms and Technology Acquisitions

Iran's experiences during its war with Iraq (1980-1988) apparently convinced the Iranian leadership to enhance Iran's ability to develop and deliver weapons of mass destruction (WMD). Iran attributed its loss in that war partly to Iraq's superior WMD capabilities. Iran fired North Korean-supplied Scud missiles on Baghdad during the Iran-Iraq war, but Iraq's retaliation demonstrated that Baghdad's missile technology capabilities far exceeded those of Iran during that war. Iraq, with some foreign assistance, was able to extend the range of Soviet-supplied missiles to reach Tehran, some 400 miles from the Iraq-Iran border. Iraq used chemical weapons to a far greater extent, and to greater effect, against Iran than Iran used chemical weapons in retaliation. After the 1991 Persian Gulf war, when U.N. inspections of Iraq's WMD programs began, Iran learned along with the rest of the world that Iraq might have been within one year of achieving a nuclear weapons capability. Iran's nuclear program was, and to a large extent still is, embryonic by comparison.

According to U.S. statements and proliferation reports, Iran intensified its drive to acquire WMD after the war with Iraq. Iran has tried to build up its indigenous WMD technology expertise in order to eventually become self-sufficient. However, Iran has had to compensate for its technological deficiencies through a sustained and broad effort to obtain outside assistance for its WMD efforts. Most U.S. allies have refused to supply Iran with technology that can be used for WMD, although an August 2000 U.S. government nonproliferation report noted that Iran increasingly is seeking to procure WMD-capable technology from Western Europe.¹ Iran has primarily had to approach countries, and entities within those countries, that are willing or able to resist or evade U.S. pressure to curb their dealings with Iran. The main arms and WMD-related technology suppliers to Iran remain Russia, China, and North Korea. The sections below discuss the evolution and scope of the arms and technology supply relationships between Iran and these countries. A separate section discusses other countries that have supplied arms or WMD technology to Iran, although on a much smaller scale than Russia, China, or North Korea.

One point of debate among experts is whether political change in Iran will affect its WMD efforts in the future. Iran's military establishment remains under the control of revolutionary purists linked to Iran's Supreme Leader, Ali Khamene'i, who constitutionally holds the position of Commander-in-Chief of the Armed Forces. The May 1997 landslide popular election of a relative moderate, Mohammad Khatemi, as Iran's President, led some observers to believe that Khatemi would extend his reformist agenda into military affairs. However, it is not certain that Khatemi wants to curb Iran's WMD programs, even if he were to acquire additional national security decisionmaking authority. There has been no suggestion that he disagrees with other

¹CIA Nonproliferation Center. *Unclassified Report to Congress on the Acquisition of Technology Relating to Weapons of Mass Destruction and Advanced Conventional Munitions, 1 July Through 31 December 1999*. August 2000.

leaders on Iran's threat perceptions or fundamental security needs. U.S. officials testified to Congress during 2000 that there has been no observable slowdown of Iran's WMD programs since Khatemi took office in August 1997.

On the other hand, Khatemi's thus far successful efforts to end Iran's international isolation depend on at least the appearance of cooperation with international nonproliferation regimes. Some Iranian officials, particularly those in the foreign ministry, assert that Iran's security is better protected through cooperation with international nonproliferation regimes and diplomatic efforts to dampen regional arms races than through WMD development. Whatever Iran's motivations, the International Atomic Energy Agency (IAEA) has said on several occasions that Iran is substantially in compliance with its obligations under the Nuclear Non-Proliferation Treaty, and Iran has complied, to a significant extent, with the organization (Organization for the Prohibition of Chemical Weapons, OPCW) established to implement the 1993 Chemical Weapons Convention. Nonetheless, Iran's cooperation with these regimes has not diminished U.S. suspicions that Iran is covertly circumventing, or could quickly circumvent, the restrictions imposed by these conventions.

Russia

Iran has sought Russian assistance partly because of the limited alternatives and not necessarily because of strategic or ideological affinity between the two countries. Iran's relationship with Russia is tempered by a lingering fear of Russian power and intentions. In 1907, Russia concluded a treaty with Britain dividing Iran into spheres of control. Russian troops occupied northern Iran during World War I. Soviet troops invaded again in 1941, in concert with Britain, when Iran appeared to become sympathetic to Nazi Germany. After World War II, the Soviet Union refused to withdraw completely from Iran and it set up two autonomous zones in northern Iran, which lasted until 1946, when U.S. pressure forced the Soviets to withdraw completely. Iran's Islamic revolution, which triumphed in February 1979, considered anathema Soviet ideology and its suppression of Islam and other religious expression. The December 1979 Soviet invasion of Afghanistan revived Iranian fears that Moscow might have territorial designs on Iran. The Soviet Union also backed Iraq with arms sales, financial credits, diplomatic support, and military advice, throughout the Iran-Iraq war.

The Iran-Iraq war, which ended in August 1988, left Iran's conventional arsenal devastated, and the need for rearmament provided Iran and the Soviet Union an opportunity to pursue mutual interests. A U.S. military buildup in the Gulf during the Iran-Iraq war – designed to protect the free flow of oil in the Gulf – had created concern in Moscow that the United States was attempting to establish hegemony in that strategic body. Iran, partly because of U.S. efforts during the Iran-Iraq war to shut off worldwide arms sales to Iran, lacked a wide choice of willing suppliers, and the Soviet Union saw arms sales to Iran as one way to broaden its influence in the Gulf. A February 1989 visit to Tehran by then Soviet Foreign Minister Edouard Shevardnadze, and his meeting with the ailing Ayatollah Khomeini, signaled the beginning of a thaw in Iran's relations with the Soviet Union.

Iran established an arms and technology relationship with the Soviet Union during a visit to Moscow by then parliament speaker Ali Akbar Hashemi-Rafsanjani in June 1989, two weeks after the death of Ayatollah Khomeini. A joint communique at the conclusion of the visit said that the two countries would collaborate in the “peaceful use of nuclear energy,” and that the Soviet Union “agreed to bolster the military capacity of the Islamic Republic.”²

The subsequent breakup of the Soviet Union in late 1991 raised Iran’s importance in the strategic calculations of Russia, the successor to the Soviet Union in international affairs. Russia perceived an arms and technology relationship with Iran as a key part of an effort to moderate Iranian behavior on Russia’s southern flank. After the dissolution of the Soviet Union in 1991, Russia and the former Communist leaders left in charge in the six Muslim states of the former Soviet Union (Azerbaijan, Turkmenistan, Tajikistan, Uzbekistan, Kyrgyzstan, and Kazakhstan) were concerned that Iran might try to spread revolutionary Islam into these new states. According to observers, Russia tacitly linked arms and technology sales to Iran’s refraining from political meddling in these states.

An additional factor in Russian planning was the aftereffects of the 1990-1991 Persian Gulf crisis, which left the United States pre-eminent in the Gulf and demonstrated the effectiveness of U.S. military technology. The war cemented the U.S. position as the primary arms supplier to the Persian Gulf monarchy states. U.N. sanctions imposed on Iraq after its August 1990 invasion of Kuwait included a worldwide arms embargo, removing one of the key Soviet arms clients from the international market. Russian officials viewed Iran as a key source of needed new sales to compensate for the closure of these and other arms markets.

Attempting to curb Russia’s arms and technology relationships with Iran, U.S. officials have consistently impressed upon their Russian counterparts the possibility that Iran’s historic resentment of past Russian actions in Iran might some day make Russia itself a target of Iranian WMD. Iran and Russia are also wary of each others’ ambitions and claims on Caspian Sea energy resources, even though their positions on the division of resources in the sea have not differed substantially to date. (The two countries, along with Kazakhstan, Azerbaijan, and Turkmenistan, border the sea.) These arguments have not dissuaded Russia from selling arms and technology to Iran, and the Clinton Administration and Congress tried to use the threat of sanctions in efforts to achieve nonproliferation goals.

In some cases, the Clinton Administration took the step of imposing sanctions on the Russian government and Russian entities dealing with Iran. However, the Administration often stated its reluctance to impose sanctions on the grounds that the United States has broad objectives in Russia, including promoting economic and political reform, mutual arms control and reduction, safeguarding nuclear material, and limiting the effects of the war in Chechnya. During 1999 and 2000, the Clinton Administration worked constructively with Russia to try to contain the Islamist threat posed by the Taliban regime of Afghanistan and its protected “guest,” Saudi-born

²Islamic Republic of Iran News Agency [IRNA] on Communique. *Foreign Broadcast Information Service*, FBIS-NES-89-121, June 26, 1989. P. 31-33.

terrorist financier Usama bin Ladin. These objectives, according to some observers, sometimes overrode calls within and outside the Administration to closely link U.S. relations with Russia to the abandonment of its arms and technology relationship with Iran.

Advanced Conventional Weaponry

In 1991, Soviet arms ordered by Iran in 1989 began flowing to the Islamic Republic. Possibly because of fluctuations in Iranian oil revenues and its large debt burden, it appears that Russia delivered fewer arms than Iran had originally ordered, and deliveries seem to have tapered off by the mid 1990s. Total deliveries to Iran by Russia include about 30 MiG-29 and 30 Su-24 combat aircraft,³ about 300 T-72 tanks,⁴ SA-5 and SA-7 surface-to-air missile systems, and three Kilo-class diesel submarines, the last of which arrived in January 1997. The submarine purchases represented the first deployment of the vessels by a country in the Gulf and raised concerns among U.S. naval officials of a heightened threat to U.S. naval and international commercial shipping in the strategic waterway.

The purchases and their strategic implications drew considerable attention in early 1992, when then CIA Director Robert Gates testified before the House Armed Services Committee that Iran was planning to spend \$2 billion per year to rebuild its conventional arsenal and try to become the pre-eminent Persian Gulf power.⁵ In response to these assessments and to reports of Iran's attempts to acquire WMD and delivery means, Congress passed the Iran-Iraq Arms Non-Proliferation Act of 1992 (Title XVI of the National Defense Authorization Act for FY1993, P.L. 102-484). That law requires sanctions against foreign firms (a ban on U.S. government procurement from and technology export licenses to the entity) and foreign countries (a suspension of U.S. economic assistance, and of U.S. technical exchanges and assistance) that "contribute knowingly and materially to the efforts by Iran or Iraq ... to acquire chemical, biological, and nuclear weapons⁶ or to acquire *destabilizing numbers and types* of advanced conventional weapons." As discussed below (see section on China), the law did not precisely define "destabilizing numbers and types" of advanced conventional weapons, thereby giving the President discretion to interpret the Act's requirements and to decide whether or not to impose sanctions under the Act.

³Figures provided by the International Institute of Strategic Studies, *The Military Balance, 2000-2001*. Aircraft figures include small numbers of Russian-made aircraft flown to Iran by Iraq at the start of the 1991 Persian Gulf war. Iraq has asked that its aircraft be returned.

⁴*The Military Balance 2000-2001* assesses Iran's arsenal of T-72 tanks at 480, of which 100 were provided by Poland, according to press reports. Iran might have also received small numbers of T-72's from other Eastern European sources, but it is widely believed that the large majority of Iran's T-72's, as well as its 75 T-62 tanks and 400 older model T-54's and T-55's, were provided by Russia.

⁵Gates Warns of Iranian Arms Drive. *Washington Post*, March 28, 1992. P. A1.

⁶The language on chemical, biological, and nuclear weapons was added in 1996 by Section 1408 of P.L. 104-106, the National Defense Authorization Act of 1996.

U.S. officials have argued that the threat of imposing sanctions under the Act helped the United States extract a formal pledge from Russia in June 1995 not to enter any *new* arms contracts with Iran. That pledge was required for the United States to accede to Russia's membership in a multilateral export control regime known as the Waasenaar Arrangement, a successor to the Cold War era Coordinating Committee for Multilateral Export Controls (COCOM). The pledge was obtained after numerous U.S.-Russian discussions on the issue, including at the Clinton-Yeltsin summits in Vancouver, Canada (April 1993), Washington (September 1994), and Moscow (May 1995). Delivering a summary of the achievements of the 1995 Moscow summit, an Administration briefer stated that "The two Presidents have resolved some outstanding issues associated with arms sales to Iran, and as soon as those are recorded and in agreement, it'll be possible to welcome Russia's participation as a founding member of the new post-COCOM regime."⁷ Remaining issues were resolved to the Administration's satisfaction in June 1995, and Russia subsequently provided the Administration with a list of military items delivered, or yet to be delivered, under existing contracts with Iran.⁸

The *New York Times* reported on October 13, 2000 that, under the understanding reached with Russia, all deliveries to Iran were to end by December 31, 1999, and that Russia did not honor that element of the arrangement.⁹ A partial text of a classified "Aide Memoire" setting out some elements of the U.S.-Russian understandings reached in 1995 regarding Russia's arms sales to Iran was printed in the *Washington Times* on October 17, 2000.¹⁰ The printed Aide Memoire notes that "Russia's obligation not to conclude new contracts and other agreements on transfers of arms and associated items to Iran will enter into force upon Russia's invitation to participate in the development of the new regime." The reference to the "new regime"

⁷White House Briefing. *Reuters*, May 10, 1995.

⁸ National Security Adviser Samuel Berger speaking on NBC's "Meet the Press" program on October 15, 2000, said that, although disappointed that Russia did not honor the [December 31, 1999] date for completion of deliveries, sanctions could not be imposed on Russia for arms transfer agreements concluded with Iran prior to the enactment of the Iran-Iraq Arms Nonproliferation Act. Further, Mr. Berger stated that the list of items Russia planned to deliver to Iran, based on prior contracts, was "reviewed at the time by the Pentagon which said that it would not upset the balance of power or balance of forces in the region." Transcript. Meet the Press. October 15, 2000.

⁹*New York Times*, October 13, 2000, p. A24.

¹⁰*Washington Times*, October 17, 2000, p. A11. The portion of this "Secret" Aide Memoire printed in the paper is not dated, but the newspaper's caption states that it was a 1995 agreement between Vice President Al Gore and Russian Prime Minister Victor Chernomyrdin. The first sentence of the printed item states that the document represents "additional understandings with respect to the Moscow Joint Statement of May 10, 1995" between the United States and the Russian Federation, thus indicating that it was not dated before that time. The *New York Times*, reporting on the same document in an October 13, 2000 article states that it was signed on June 30, 1995, and consisted of "12 paragraphs." The *New York Times* did not print the text, but its report was based in part on a "copy of the aide-memoire and related classified documents" provided to it by a "government official." *New York Times*, October 13, 2000, p.A24.

seems a clear reference to the soon to be established Wassenaar Arrangement.¹¹ Another point in the Aide Memoire of 1995 states that the Russians were precluded from “the renegotiation or modification of existing contracts so as to increase the type or quantity of arms-related transfers for which Russia is currently obligated.” The Aide Memoire makes reference to an Annex (not published), which is part of the overall understanding, that sets out “planned Russian transfers to Iran” and is to represent “the totality of the existing obligations that Russia reserves the right to fulfill pursuant to its undertakings.” The Russians, according to the Aide Memoire, are to “terminate all arms-related transfers to Iran not later than 31 December 1999.”¹² The *New York Times*, in a October 13, 2000 story, reported that a “classified annex” specified weapons Russia “was committed to supply to Iran: one Kilo-class diesel-powered submarine, 160 T-72 tanks, 600 armored personnel carriers, numerous anti-ship mines, cluster bombs and a variety of long-range guided torpedoes and other munitions for the submarine and the tanks.” This story also noted that “Russia had already provided Iran with fighter aircraft, surface-to-air missiles, and other armored vehicles.”¹³

The 1995 Aide Memoire also states that in view of the undertakings contained in the “Joint Statement”¹⁴ and this Aide Memoire, the United States is prepared to take appropriate steps to avoid any penalties to Russia that might otherwise arise under domestic law with respect to the completion of the transfers disclosed in the Annex for so long as the Russian Federation acts in accordance with these commitments.” The Aide Memoire also adds that, “This assurance is premised on the assumption that the Russian disclosures in the Annex are complete and fully accurate.” The United States added that it wished “to make clear that while noting Russia’s interest in fulfilling its preexisting obligations, it in no way endorses such transfers.”¹⁵

In early November 2000, following the spate of U.S. press articles about the Aide Memoire, Russia informed the United States that, as of December 1, 2000, Russia would no longer consider itself bound by the pledge not to enter into new arms deals with Iran. In response to U.S. criticism of Russia’s shift, Russia assured the United States it would sell only “defensive” weapons to Iran, a characterization that was unsatisfactory to the Clinton Administration. A late December 2000 visit to Iran by Russia’s Defense Minister resulted in an agreement for Russia to train Iranian military personnel. New sales of Russian arms reportedly were discussed but none were announced. The Clinton Administration criticized the Iran-Russia military

¹¹Russia and 32 other states met in Vienna in July 11-12, 1996 and approved the “Initial Elements” to govern the Wassenaar Arrangement. It thus appears that Russia was “invited” to join the “new regime” sometime prior to that date. Under this formulation, the triggering date for Russia’s obligations under the Aide Memoire of 1995 would appear to be no later than the July 11-12, 1996 Vienna meeting of the Wassenaar Arrangement states.

¹²*Washington Times*, October 17, 2000, p. A11.

¹³*New York Times*, October 13, 2000, p. A24.

¹⁴It is not immediately clear what “Joint Statement” is referred to, as it is not published in the *Washington Times* with the Aide Memoire on October 17, 2000.

¹⁵*Washington Times*, October 17, 2000, p. A11.

discussions and said the United States would continue negotiations with Russia to reinstate the pledged freeze on new sales to Iran.

Additional legislation, passed by Congress in 1996, attempts to punish suppliers of conventional arms to Iran and other countries on the U.S. “terrorism list.” The Anti-Terrorism and Effective Death Penalty Act of 1996 (P.L. 104-132) attempted to build on the Iran-Iraq Arms Non-Proliferation Act by requiring a cutoff of U.S. aid to countries that aid or sell arms to countries on the terrorism list, of which Iran is one. This law, which added a new section 620H to the Foreign Assistance Act, imposes sanctions for any arms sales, not only those considered “destabilizing in number and type.” The sanctions apply only to “lethal military equipment provided under a contract entered into after the date of enactment” (April 24, 1996). However, because the Clinton Administration considered subsequent Russian arms sales to Iran as part of a contract signed before the April 1996 law was enacted, no penalties for sales to Iran were imposed. Nor did the Clinton Administration issue a waiver to the provision in order to avoid sanctioning Russia for the Iran sales. (In April 1999, three Russian entities were sanctioned under this provision for arms sales to Syria, but the Russian government and its entities have not been sanctioned for sales to Iran.)

Ballistic Missiles

The Iranian missile program of most immediate concern is the Shahab (Meteor) program. The Shahab-3 (800 to 900 mile range, 1,650 lb. payload), which is based on North Korean No Dong missile technology, has been tested three times – in July 1998, July 2000, and September 2000. U.S. officials believe only the July 2000 test was completely successful, but that the program is sufficiently advanced that Iran “could deploy a limited number of the missiles in an operational mode during a perceived crisis.”¹⁶ In February 1999, Iran said that the Shahab-4 (1,200 mile range, 2,200 lb. payload), derived from Soviet SS-4 technology, was undergoing testing but would be used only for satellite launches. Iran’s Defense Minister has publicly mentioned plans for an even longer range Shahab-5, and in February 2000 testimony before the Senate Intelligence Committee, Director of Central Intelligence George Tenet said that Iran would “probably” possess a ballistic missile capable of delivering a light payload to the United States within the next few years. This contrasted with his testimony the previous year in which he said it would likely take Iran “many” years to develop a missile capable of reaching the United States, although he noted then that foreign assistance could shorten that timetable.

Since late 1996, U.S. officials and published reports have cited Russia, which has been a formal member of the MTCR since August 8, 1995, as a primary supplier of Iran’s ballistic missile programs. Press reports and U.S. official statements and reports since 1997 have indicated that Russian entities have provided Iran’s missile programs with training, testing equipment, and components including specialty steels and alloys, tungsten coated graphite, gyroscopes and other guidance technology, rocket engine and fuel technology, laser equipment, machine tools, and maintenance manuals.

¹⁶Department of Defense. *Proliferation: Threat and Response*. January 2001. P.38.

The Russian technology assistance to Iran has frustrated Clinton Administration and Congress. Through a combination of engagement and selected imposition of sanctions, the Clinton Administration and Congress sought to enlist greater Russian government cooperation in halting the technology flow, with mixed success. Critics in Congress took a different view, arguing for broad and sustained application of sanctions on Russia and its entities on the grounds that the Russian government has been insincere in its pledges to crack down on technology exports to Iran by its entities.

In the 105th Congress, H.R. 2709, the Iran Missile Proliferation Sanctions Act, passed both chambers by large margins. The bill required sanctions, including suspension of U.S. government assistance, on foreign entities (including governmental entities operating as businesses) that assist Iran's ballistic missile programs. However, the Administration vetoed the bill on June 23, 1998 on the grounds that doing so would likely make Russia more recalcitrant rather than promote cooperation to stop the transfers. As justification for the veto, the Administration cited a January 1998 Russian decree tightening technology export controls and a May 1998 implementing directive as evidence of improved Russian government cooperation. In an effort to at least appear cooperative, Russia also began an investigation of eight entities for criminal violations of Russian controls on exports to Iran.

Administration policy on the issue appeared to suffer a setback in July 1998 – only one month after vetoing H.R. 2709 – when Iran first tested its Shahab-3 missile. On July 28, 1998, one week after that test, the Clinton Administration took steps to forestall congressional action to override the veto of H.R. 2709 by issuing Executive Order 13094. The order expanded a previous executive order (12938 of November 14, 1994) to enable the President to ban U.S. trade with, aid to, and procurement from foreign entities assisting WMD programs in Iran or elsewhere. The sanctions contained in the executive orders were similar to those provided in the Iran-Iraq Arms Non-Proliferation Act (see above), although the executive orders focused on sanctioning supplier entities, not governments. Pursuant to the amended executive order, the Clinton Administration sanctioned seven Russian entities¹⁷ believed to be assisting Iran's Shahab program. On January 12, 1999, the Administration sanctioned three additional Russian entities¹⁸ believed helping Iran's missile and nuclear programs.

At the same time, the Clinton Administration tried to provide incentives for Russian cooperation and to prevent this issue from derailing progress on broader U.S.-Russian issues. Claiming that Russia had made progress on export controls, in July 1999 the Clinton Administration increased the quota of Russian launches of U.S. commercial satellites from 16 to 20 launches, with additional launches linked to further export control progress. The Administration praised Russia in April 2000 for

¹⁷The entities sanctioned were INOR Scientific Center, Grafit, Polyus Scientific Production Associates, Glavkosmos, the MOSO company, Baltic State Technical University, and Europolace 2000.

¹⁸The three entities sanctioned were NIKIET (Scientific Research and Design Institute of Power Technology), the D. Mendeleev University of Chemical Technology, and the Moscow Aviation Institute.

reprimanding the rector of Baltic State Technical University (BSTU) – one of the entities sanctioned by the United States – and cancelling the training of Iranian technical students there. That step was taken after the election of Vladimir Putin as President of Russia, and appeared to signal a U.S. hope and expectation that Putin would be more cooperative with the United States on this issue than was his predecessor, Boris Yeltsin. On April 24, 2000, the United States extended its sanctions on BSTU to the rector, Yuri Savelyev, and simultaneously dropped the sanctions on two other missile-related entities – the INOR Scientific Center and the Polyus Scientific Production Associates (guidance technology). Sanctions on the latter entities were dropped on the grounds that, according to the Clinton Administration, they had ended their technology relationships with Iran. In December 2000, although noting that individual Russian experts continued to sell their expertise to Iran, the Clinton Administration allowed the quota on U.S. commercial use of Russian space launches to expire at the end of 2000. U.S. officials justified the move on the grounds that Russia, in their view, had established better controls over exports by its aerospace firms.¹⁹

Although progress with Russia has ebbed and flowed, Congress has sought stronger steps to end the missile assistance to Iran. H.R. 2709, the bill vetoed in 1998, was revived in May 1999 with the introduction of H.R. 1883, the Iran Nonproliferation Act. In contrast to its predecessor and to the Iran-Iraq Arms Non-Proliferation Act, H.R. 1883 *authorized*, rather than mandated, the President to impose sanctions on Russian entities that assisted Iran’s missile as well as other WMD programs. The bill passed both chambers unanimously, and was signed into law on March 14, 2000 (P.L. 106-178). The sanctions authorized by the new law include:

- ! a ban on U.S. government procurement from or contracts with the entity.
- ! a ban on U.S. assistance to the entity.²⁰
- ! a prohibition of U.S. sales to the entity of any defense articles or services
- ! denial of U.S. licenses for exports to the entity of items that can have military applications (“dual use items”).

The bill also included a provision, not contained in the earlier version, that banned U.S. extraordinary payments to the Russian Aviation and Space Agency in connection with the international space station unless the President can certify that the agency or entities under the Agency’s control had not transferred any WMD or missile-related technology to Iran within the year prior. The provision contains certain exceptions to ensure the safety of astronauts who will use the space station and for certain space station hardware. In his statement upon signing the bill into law, the President noted that Russia “continues to be a valued partner in the International Space Station.” On October 16, 2000, the National Aeronautics and Space

¹⁹U.S. to End Quotas on Satellite Launches by Russia, Helping Lockheed’s Business. *Wall Street Journal*, December 1, 2000.

²⁰As specified in the legislation, the first two bullets are subsections b and c of section 4 of Executive Order 12938, as amended by Executive Order 13094 of July 28, 1998.

Administration (NASA) testified before a House International Relations Committee oversight hearing on implementation of the Iran Nonproliferation Act. The U.S. space agency indicated that it has continued extraordinary payments to Russian entities for work on the space station under an exemption in the Act allowing for payments to ensure space crew safety (Section 6F).

Nuclear Issues

Although apparently convinced that Iran is attempting to acquire a nuclear weapons capability, no U.S. official has claimed that Iran is now on the verge of achieving that capability. However, the degree of uncertainty about the status of Iran's effort was reflected in a January 2000 *New York Times* report, which said that the U.S. intelligence community is unable to accurately track Iran's efforts to acquire nuclear technology and materiel. As a result of that uncertainty, according to the *Times* report, the intelligence community believes Iran could possibly be closer to a nuclear weapons breakthrough than previously believed.²¹ The January 2001 Defense Department proliferation report, cited above, said that "[the Defense Department believes] Iran also has an organized structure dedicated to developing nuclear weapons by trying to establish the capability to produce both plutonium and highly enriched uranium." Neither of these capabilities is needed if Iran seeks to produce only electricity from its nuclear plants. The report adds that Iran might try to acquire the fissile material for a nuclear weapon on the black market. On the other hand, many observers point out that Iran is a party in good standing to the Nuclear Non-Proliferation Treaty and has allowed inspections of declared nuclear facilities by the International Atomic Energy Agency.

Since January 1995, when Iran signed an \$800 million contract with Russia for the completion of the 1,000 megawatt nuclear power reactor at Bushehr, the Clinton Administration and Congress have been concerned about the potential for Iran to use the project to advance a nuclear weapons program. Although the work on Bushehr is far behind its original schedule, Russia asserted in mid-January 2001 that the project is 90% complete and would begin operations by 2003. Russia simultaneously announced that it was starting preliminary work on a second power reactor at the site. Iranian technicians have begun nuclear plant operations training in Russia.

When the Bushehr contract was first signed, some in Congress said that sanctions should have been imposed on Russia under the Iran-Iraq Arms Non-Proliferation Act. However, the Clinton Administration asserted that the law did not specifically require sanctions for transfers of civilian nuclear technology permitted to be transferred under the NPT. In taking this position, the Clinton Administration signaled that it preferred to work with Russia to end, or at least limit, the scope of the project. The Clinton Administration also sought to separate the issue from broader U.S. - Russian relations by waiving – when possible – provisions of recent foreign aid laws making one half (or more) of U.S. aid to the Russian government contingent on ending assistance to Iran's nuclear and missile programs. The Clinton Administration limited the types of aid subject to cuts so that aid could still flow to local Russian

²¹Risen, James and Judith Miller. C.I.A. Tells Clinton An Iranian A-Bomb Can't Be Ruled Out. *New York Times*, January 17, 2000.

governments and for humanitarian and nuclear dismantlement programs.²² On the other hand, as noted above, the Administration did impose sanctions on two Russian entities – the Scientific Research and Design Institute of Power Technology (NKIET) and the D. Mendeleyev University of Chemical Technology – when there was firm evidence that these entities were continuing to help Iran in the nuclear field. (In March 1999, Russia formulated a proposal to halt assistance to Iran by NKIET and Mendeleyev University in exchange for the lifting of sanctions on those two entities. However, the cancellation of the visit to Washington of Russia’s former Prime Minister Yevgeny Primakov in March 1999, a result of U.S.-Russian differences on Kosovo, forestalled action on the Russian plan.)

The Clinton Administration’s decision to rely primarily on engagement rather than punishment of Russia yielded some benefits. The Administration obtained Russian pledges not to supply Iran with any technology that could contribute to a nuclear *weapons* program, including uranium enrichment equipment. Russia also promised not to allow Iran to reprocess spent nuclear reactor fuel. On the other hand, the January 2001 DoD proliferation report states that “a number of Russian entities are engaged in cooperation with Iran that goes beyond [the Bushehr] project,” suggesting the Clinton Administration was not fully satisfied with Russia’s implementation of its pledges. In September 2000, the Clinton Administration successfully persuaded Russia to block a sale to Iran by one of its research centers of a laser device that the United States believed Iran would only use for a nuclear weapons program. In regional diplomacy, the Clinton Administration dealt the Bushehr project a setback in March 1998 when visiting Secretary of State Albright initialed an agreement with Ukraine under which it pledged to drop the sale of the turbines for the reactor.

Some in Congress believe that the United States is indirectly helping the Bushehr project – a project the United States strongly opposes – and that such aid should cease. About \$1.5 million of the budget of the International Atomic Energy Agency (IAEA), an organization to which the United States contributes, has gone toward technical assistance (primarily training in nuclear safety) to the Bushehr project during 1995-1999. Section 307 of the Foreign Assistance Act of 1961 exempts the IAEA (and UNICEF) from a ban on U.S. contributions to programs in countries named in that section. Ending this IAEA exemption was the subject of bills (H.R. 1477 and S. 834) in the 106th Congress, introduced April 20, 1999. H.R. 1477 passed the House on July 19, 1999 by a 383-1 vote, and was reported out by the Senate Foreign Relations Committee on November 3, 1999. On the other hand, some maintain that funding IAEA assistance to Bushehr ensures that the United States can obtain

²²The Clinton Administration formally waived (P.D. 96-24 of May 9, 1996, and P.D. 97-01 of November 8, 1996) the provisions of FY1996 and FY1997 foreign aid appropriations (P.L. 104-107 and P.L. 104-208) — which cut aid to Russia if it proceeds with the Bushehr deal — on the grounds that it was more important to support reformers in Russia. Provisions mandating the cutting of half the U.S. aid to the Russian government for assistance to Iran’s nuclear *or missile* programs were included in the FY1998, FY1999, and FY2000 foreign aid appropriations laws (P.L. 105-118, P.L. 105-277, and P.L. 106-113, respectively). The FY2000 law cut U.S. aid to the Russian Federation government only, not to local governments within Russia. The FY2001 foreign aid appropriation (P.L. 106-429) contained a similar measure but increased the aid cut to 60%

information on the Bushehr project. The IAEA also is helping ensure the plant will be operated safely when it becomes operational.

Chemical and Biological Programs

According to the January 2001 DoD proliferation report, in 1998 Iran admitted that it had developed chemical weapons in the later stages of the 1980-1988 Iran-Iraq war but claimed that it unilaterally terminated the chemical weapons program after that war. According to the DoD report, Iran, “In the past, manufactured and stockpiled blister, blood, and choking agents, and weaponized some of these agents into artillery shells, mortars, rockets, and aerial bombs.” The report notes that Iran has sought chemical weapons technology and chemical precursors from Russia (and China) in order to create a more advanced and self-sufficient chemical warfare infrastructure. On the other hand, Iran signed and ratified the 1993 Chemical Weapons Convention (CWC) and has allowed visits by the CWC monitoring body, the Organization for the Prohibition of Chemical Weapons.

On biological weapons, the DoD report says that “Iran is believed to be pursuing offensive biological warfare capabilities and its effort may have evolved beyond agent research and development to the capability to produce small quantities of agent.” According to the DoD report, Iran has expanded its efforts to acquire “biotechnical” materials and expertise from entities in Russia and elsewhere. Press reports indicate Iran has recruited Russian scientists to work on its biological program.²³ Iran has ratified the Biological Weapons Convention.

U.S. official statements on efforts to dissuade Russian WMD-related technology sales generally omit discussion of chemical or biological technology. U.S. reports, including the August 2000 CIA proliferation report, note that outside assistance to Iran’s chemical and biological program is “difficult to prevent, given the dual-use nature of the materials, the equipment being sought, and the many legitimate end uses for these items.” The relative absence of public discussion could, alternately, suggest that the provision of Russian chemical or biological technology to Iran has not reached the level at which intense U.S. diplomatic pressure has been deemed warranted.

²³Miller, Judith, and Broad, William. Iranians, Bioweapons in Mind, Lure Needy Ex-Soviet Scientists. *New York Times*, December 8, 1998.

China²⁴

Although relations between Iran and China have not always been close, Iran was never occupied or invaded by Chinese troops and Iran does not fear long term Chinese ambitions as Iran might fear those of Russia. Iran cut diplomatic relations with China after the People's Republic of China (PRC) was established in 1949. As PRC-Soviet relations worsened in the late 1960s and the 1970s, China saw a strong Iran – even though it was governed by the pro-U.S., anti-Communist Shah – as an obstacle to Soviet aims to expand its influence in the Persian Gulf, according to articles in China's press during that period. After the fall of the Shah in February 1979, Iran-China relations warmed further. In January 1980, China abstained on a U.N. Security Council vote to sanction Iran for the November 4, 1979 seizure of the U.S. Embassy in Tehran.

In an effort to bolster Iran against Iraq, which was backed by the Soviet Union, China established itself as a key arms supplier to Iran soon after the Iran-Iraq war broke out in September 1980. In June 1985, at the height of the Iran-Iraq war, then parliament speaker Ali Akbar Hashemi-Rafsanjani visited Beijing and signed missile technology agreements with China.²⁵ That visit apparently opened Iran to the supply of Chinese-made Silkworm surface-to-surface anti-ship missiles (55 mile range). During the latter stages of the Iran-Iraq war, which ended in August 1988, Iran fired Silkworms at U.S. Navy-escorted oil tankers in the Persian Gulf and at Kuwaiti oil terminals. During 1987-88, China reportedly built Iran's infrastructure to design, build, and test ballistic missiles and to extend their ranges.

In May 1989, then President (now Supreme Leader) Ali Khamene'i visited China to cement China-Iran defense and political relations. Since 1993, senior Iranian officials have said Iran should counter U.S. pressure on Iran by building new alliances with countries such as India and China. Some observers believe that China has continued to arm Iran, despite the collapse of the Soviet Union, in part to divert U.S. forces from areas near Taiwan and possibly as retribution for continued U.S. arms sales to Taiwan. Others note that China has not cultivated Iran exclusively, but has sought to expand its influence broadly within the Middle East. Those who hold this view point out that China maintains good relations with moderate Arab states including Saudi Arabia and Egypt. Some experts perceive China's interests in Iran as more narrow: China wants to guarantee itself supplies of oil to feed its growing economy, and to earn revenues from sales of weapons and technology to Iran.

As in the Russia case, the United States has a broad agenda with the PRC. Aside from nonproliferation issues, the high priority issues on the U.S.-China agenda include: encouraging a peaceful resolution of the dispute between the PRC and Taiwan, U.S.-PRC trade relations, and China's human rights record. The Clinton

²⁴For further information on China's technology transfers to Iran, see CRS Issue Brief IB92056, *Chinese Proliferation of Weapons of Mass Destruction: Current Policy Issues* by Shirley Kan. For additional background, see also: CRS Report 96-572, *Iran: Military Relations With China*, by Kenneth Katzman.

²⁵Carus, Seth and Joseph Bermudez. Iran's Growing Missile Forces. *Jane's Defence Weekly*, July 23, 1988.

Administration maintained that it needed to keep the broader issues in mind when faced with a decision whether or not to impose sanctions on China for its relations with Iran. Some, particularly those who believe the United States should do more to contain the PRC's growing strategic power, argued that the Clinton Administration was too willing to accept China's nonproliferation pledges at face value. Some in Congress have taken this latter view and want to ensure that China is sanctioned if it provides WMD-related technology to Iran. One legislative effort in the 106th Congress was S. 2645 and a companion House bill H.R. 4829, which provided for the same sanctions as those that apply to Russian entities under P.L. 106-178 for any Chinese entities that provide WMD-related technology to Iran (or other countries). Neither bill came to a floor vote. The bill also provided for progressively strong sanctions against the Chinese government and progressively restricted U.S.-China contacts if China is determined by the President to continue to provide WMD-related technology to Iran or other countries.

As discussed below, Clinton Administration efforts slowed China's cooperation with Iranian WMD programs in some areas. However, in the aggregate, the United States continues to see China as a key WMD-related technology supplier to Iran. The visit to China by President Khatemi in June 2000 raised U.S. fears that new WMD or weapons cooperation would be agreed between Iran and China, but both countries strongly denied that the visit involved or resulted in new military cooperation agreements.

Anti-Ship Cruise Missiles And Other Advanced Conventional Weapons

Over the past five years, China has supplied Iran with artillery pieces, tanks, the Chinese version of the SA-2 surface-to-air missile, and 24 F-7 combat aircraft. It is China's past sales to Iran of anti-ship cruise missiles that have caused the most significant U.S. concern, because the missiles improve Iran's ability to strike at U.S. forces and installations or commercial shipping in the Gulf. According to the *Military Balance 1999-2000*, China has delivered to Iran 15 *Hudong* fast attack craft, as well as ten other French-made patrol boats. Of the 15 *Hudongs*, five were delivered to Iran's Revolutionary Guard, which is a bastion of Iran's hardline political elements, and ten went to its regular Navy. The ships are outfitted with about 150 C-802 anti-ship cruise missile (75 mile range), also supplied by China. (The C-802 is not covered under the Missile Technology Control Regime because its range and payload are under the regime's threshold.) Iran tested the Chinese-supplied air-launched C-801K missile (25 mile range) on one of its U.S.-made F-4 Phantom aircraft²⁶ in June 1997, prompting Secretary of Defense Cohen to assert that Iran posed a "360 degree threat" to U.S. forces. The January 2001 DoD proliferation report says that Iran "may try to develop its own [anti-ship] missiles using technology it already has as a basis for such development efforts." That assessment apparently was supported by an October

²⁶The United States was a major arms supplier Iran when the Shah was in power, and Iran has been able to keep some of its U.S.-supplied equipment operational even though the United States cut off supplies of spare parts and technical assistance to Iran's military after the Islamic revolution.

2000 test by Iran's Revolutionary Guard Navy of a "modified" version of a Chinese-made anti-ship missile, possibly indicating Iran had increased its range.²⁷

Congressional debate about the Chinese anti-ship missile transfers centered on whether the transfers, which occurred in the early 1990s, should have triggered U.S. sanctions under the Iran-Iraq Arms Non-Proliferation Act of 1992.²⁸ In mid-1996, some in Congress pressed the Clinton Administration to impose sanctions on China for the C-802 transfers, and the Clinton Administration said it considered that step. In April 1997, electing to negotiate the issue with China rather than impose sanctions, the Administration determined that the C-802 and C-801 transfers to Iran were "not of a destabilizing number and type" to warrant U.S. sanctions. Some in Congress disagreed with the determination, and the disagreement sharpened after Secretary Cohen's June 1997 statement that the C-801K posed a new threat to U.S. forces in the Gulf.

The issue of sanctions for the C-802 and C-801 sales quieted when China pledged to Secretary of State Albright in September 1997, and again to Secretary of Defense Cohen in January 1998, that it would halt further sales of C-802's and C-801's to Iran. In what appeared to be a Clinton Administration success, U.S. officials say that China is upholding this pledge. However, the *Washington Times* reported on August 19, 1999, that China had agreed to modify Iran's FL-10 anti-ship cruise missiles (20-30 mile range) to enable them to be fired from helicopters or fast attack naval craft. U.S. officials said the reported deal would not violate China's pledges because those assurances applied only to the C-802 and C-801, although some in the Clinton Administration believed the FL-10 deal violated the spirit of those commitments.²⁹

Ballistic Missiles

Recent CIA and DoD proliferation reports have said that entities in China supplied ballistic missile-related technology and advice to Iran's Shahab missile program. These assessment appeared to confirm press reports since 1995, such as a November 21, 1996 *Washington Times* report quoted U.S. intelligence sources as saying China had sold Iran guidance technology (gyroscopes and accelerometers) and components to test ballistic missiles, possibly for use in the Shahab program. Other press reports, some quoting U.S. intelligence sources, said China transferred to Iran special steel suited to missile fabrication and telemetry equipment for missile testing, and that it trained Iranian engineers on inertial guidance techniques.³⁰ There have

²⁷Iran to Test Modified Chinese Missiles Next Week. *Dow Jones Newswire*, October 23, 2000.

²⁸This law was amended by Section 1408 the FY1996 defense authorization law (P.L. 104-106) to also sanction the provision to Iran or Iraq of equipment for chemical, biological, or nuclear weapons.

²⁹Gertz, Bill. China Agrees to Deal With Iran on Missiles. *Washington Times*, August 19, 1999.

³⁰Gertz, Bill. "China Assists Iran, Libya on Missiles." *Washington Times*, June 16, 1998, (continued...)

been no confirmed deliveries of entire M-9 or M-11 ballistic missiles to Iran, both of which are considered to have range/payload combinations that are covered by MTCR guidelines.

The Clinton Administration tried to limit China's missile assistance to Iran primarily through diplomatic engagement. On November 22, 1996, and again on September 10, 1997, the State Department said the United States had not determined that China had violated its March 1992 commitment to adhere to the terms of the MTCR. In March 1998, the Clinton Administration reportedly offered China expanded cooperation on commercial space ventures in return for an end to all Chinese assistance to Iran's ballistic missile programs and its joining the MTCR. In November 2000, the Clinton Administration negotiated an agreement with China under which China issued (November 21) a public statement that it would not assist other countries' efforts to develop ballistic missiles and that it would adopt a control regime for exports of technology that could be used for ballistic missiles. The U.S. insistence that China join the MTCR was dropped, and the Clinton Administration said it would not sanction China for past missile assistance to Iran or Pakistan and that U.S.-China commercial space cooperation would resume. Simultaneously, recipient entities in Pakistan and Iran (the Ministry of Defense and Armed Forces Logistics, the Armed Forces Logistics Command, and the Defense Industries Organization) were sanctioned, although the sanctions (a ban on U.S. trade with and exports to the sanctioned entities) were already in force under broader U.S. sanctions laws and regulations on Iran.

Some subsequent press reports seemed to support critics who urge the United States not to rely too heavily on bilateral anti-proliferation agreements with China. On January 26, 2001, the *Washington Times* quoted unnamed U.S. officials as saying that the Chinese firm Norinco (China North Industries Corporation) had recently shipped specialty metals and chemicals used in missile production to Iran's Shahid (Martyr Bakeri Industrial Group, a defense firm involved in Iran's missile program).³¹ The January 2001 DoD proliferation report indicates that Chinese entities continue to provide assistance to Iran's Shahab program.

Nuclear Issues

It is in the nuclear field that the Clinton Administration had the clearest success in limiting China's relationship with Iran. In February 1993, China contracted to construct in Iran two 300 megawatt nuclear reactors and to provide related technology and training.³² In mid-1997, Administration officials said they had blocked a deal between Iran and a Chinese government-owned firm for the sale to Iran of a "uranium conversion facility," although China reportedly gave Iran blueprints

³⁰(...continued)

and "China Still Shipping Arms Despite Pledges," *Washington Times*, April 15, 1999.

³¹Gertz, Bill. Beijing Using Front Companies to Grab U.S. Arms Technology. *Washington Times*, January 26, 2001.

³²During 1985-87, China supplied Iran with a small research nuclear reactor and an electromagnetic isotope separator (calutron).

for the facility.³³ In advance of the October 1997 U.S.-China summit, the Administration said it received a firm written assurance that China would end its nuclear relations with Iran (not build the reactors), although two small ongoing projects would be completed. One project is to supply Iran's civilian nuclear program with a zirconium production facility, for which IAEA safeguards are not required, and a small research reactor, which the United States judges does not pose a significant proliferation concern.

The Administration apparently extracted the PRC pledge by promising, in exchange, to certify to Congress that China is cooperating to end nuclear proliferation. This certification, required by P.L. 99-183 and issued in January 1998, opened China to nuclear cooperation with the United States under a 1985 bilateral agreement. Congress did not formally disapprove within the thirty legislative day period, and the certification took effect on March 18, 1998. The August 2000 CIA report and the January 2001 DoD proliferation report, cited above, both said that China is living up to that pledge. Some believe that the phaseout of China's nuclear relations with Iran was the result more of an Iranian decision to cooperate with Russia instead than of Administration intercession with China. In addition, there reportedly were technical and financial disagreements between the PRC and Iran over the construction of the reactors.

As noted above, during June 22-26, Iran's President Khatemi made a state visit to China, raising concerns that nuclear or other WMD cooperation might be revived or expanded. A few days after the visit ended, Khatemi issued a statement that nuclear cooperation was not discussed during his visit. The Clinton Administration did not publicly express proliferation concerns about the outcome of the visit. This could indicate that China probably did not enter into discussions or agreements with Khatemi that would potentially lead to violations of China's pledge to wind down nuclear assistance to Iran.

Chemical and Biological Programs

In the past, U.S. officials have identified Chinese firms as suppliers of Iran's chemical weapons program. On May 22, 1997, Secretary of State Albright imposed U.S. sanctions, under the Chemical and Biological Warfare Elimination Act of 1991 (P.L. 102- 182), on two PRC firms (Nanjing Chemical Industries Group and Jiangsu Yongli Chemical Engineering and Technology Import/Export Corp.) and one Hong Kong firm (Cheong Lee Ltd.) for knowingly and materially aiding Iran's chemical weapons programs. The Administration said there was no evidence the PRC government was aware of the transfers. On June 10, 1997, the State Department announced suspension of an Exim Bank loan for a U.S. firm's exports to the Nanjing firm above. The sanctions remain in effect, and in June 1998, China expanded chemical export controls to include ten chemicals not banned for export under the Chemical Weapons Convention but included in the more restrictive "Australia Group" chemical export control list. The January 2001 DoD proliferation report notes, however, that "...Iran has continued its efforts to seek production technology,

³³Pomfret, John. "U.S. May Certify China on Curbing Nuclear Exports." *Washington Post*, September 18, 1997. P.A28.

expertise, and precursor chemicals from entities in Russia and China that could be used to create a more advanced and self-sufficient chemical warfare infrastructure. The report did not clarify whether or not Iran had succeeded in obtaining CW materials from China, but additional PRC entities presumably would have been sanctioned had the United States learned of completed transactions.

North Korea

North Korea has tended to align itself with countries in the Middle East, such as Iran, Libya, and Syria, that have opposed U.S. policy in the region or have hosted terrorist organizations.³⁴ Pyongyang's motive, according to many observers, has been to serve its own interests by building alliances with countries that oppose U.S. global influence. North Korea supported the 1979 Islamic revolution in Iran, which overthrew a key U.S. ally, the Shah. In supporting Iran and its anti-U.S. ideology, North Korea sought to undermine the legitimacy of the U.S. military presence in South Korea. North Korea also has sought to earn hard currency from sales of arms and technology to Middle Eastern countries. Over the past decade, North Korea and Iran have been drawn together, in part, by U.S. references to both of them as "rogue states" and as targets of U.S. economic sanctions. It is not clear whether the Bush Administration will continue the engagement policy with North Korea that was followed during the later years of the Clinton Administration. Some disagree on whether the engagement policy yielded tangible benefits to U.S. efforts to curb North Korea's technology assistance to Iran.

Ballistic Missiles

North Korea's relationship with Iran appears mostly limited to ballistic missiles, building on a long-standing missile relationship with Iran.³⁵ During Iran's war with Iraq, North Korea provided Iran with about 100 Scud-B ballistic missiles, as well as facilities in which Iran could produce the Scud-B indigenously.³⁶ North Korea also reportedly sold Iran conventional weapons, including minisubmarines and mines, and provided training to Iran's Revolutionary Guard. Some reports suggest that North Korea helped Revolutionary Guard naval units track and target U.S. ships during their skirmishes with U.S. forces in the Gulf in 1987-88). In 1991, North Korea reportedly began to supply Scud-C missiles to Iran and, in 1992, the State Department sanctioned Iran's Ministry of Defense and Armed Forces Logistics, along with two North Korean firms, for alleged missile proliferation activities. In March 1992, U.S. Navy ships tracked – but did not attempt to intercept – a North Korean ship, believed

³⁴For further discussion of possible North Korean motives and interests in the Middle East, see CRS Report 94-754, *North Korea: Military Relations With the Middle East*. September 27, 1994, by Kenneth Katzman and Rinn-Sup Shinn.

³⁵The core of Iran's current missile force consists of 200-300 North Korean-supplied Scud-B and Scud-C missiles, with ranges of 320 km and 500 km respectively. North Korea has also supplied ten to fifteen mobile launchers.

³⁶Bermudez, Joseph. *Ballistic Missiles in the Third World - Iran's Medium Range Missiles*. *Jane's Intelligence Review*, April 1992.

to be carrying Scud-C missiles, that docked in Iran. (In August 2000, North Korean leader Kim Jong-Il publicly admitted that North Korea had sold complete missiles to Iran and Syria. Iran refuted Kim's assertion.)

In the early 1990s, Iran reportedly discussed with North Korea the purchase of North Korean-made Nodong 1 missiles (1,000 mile range). Iranian officials attended test launches of the Nodong 1 during its development in North Korea, according to a number of press reports. U.S. scrutiny of the Iran-North Korea relationship, U.S. sanctions on North Korean entities, and U.S.-North Korea talks on missile exports³⁷ apparently contributed to Iran's decision to build the Shahab missile indigenously, based on the Nodong design. In May 1996, one month after the first U.S.-North Korea talks on missile exports to Iran (and other Middle Eastern countries), the Administration issued another determination³⁸ that entities in Iran and North Korea had engaged in missile proliferation activities. On August 6, 1997, following another round of U.S.-North Korea missile talks, the United States imposed trade sanctions on two North Korean firms for missile-related activities believed to involve Iran and Pakistan.

The Clinton Administration's engagement of North Korea began gradually in 1994 with a U.S. effort to halt North Korea's nuclear program and, later, its development of missiles capable of hitting the United States. These are issues that the Clinton Administration considered vital to the national security of the United States and its troops in South Korea. A key additional U.S. aim was to curb North Korea's ballistic missile technology relationship with Iran and other countries, although the North Korean nuclear and missile program itself clearly took priority.

The engagement process included humanitarian relief and then progressively higher levels of diplomatic contact. In May 1999, U.S. envoy to North Korea, former Defense Secretary William Perry, reportedly offered a lifting of U.S. sanctions on North Korea in exchange for a halt to its testing of missiles and an end to its exports of missile technology to the Middle East and Pakistan. In September 1999, the United States partially lifted its economic sanctions on North Korea in response to a September 1999 North Korean conditional pledge to suspend testing of long range missiles. The sanctions easing was not linked to any North Korean pledge to suspend missile exports to the Middle East, although the Clinton Administration continued to discuss that issue with North Korea. In July 2000, U.S.-North Korea talks on missile exports faltered when the United States refused North Korea's demand that it receive \$1 billion annually for three years to compensate for the halting of exports. The Clinton Administration appeared to be on the verge of a broad nonproliferation agreement with North Korea before President Clinton left office, but no agreement was finalized. Because some of the nonproliferation issues were not resolved by the end of his term, President Clinton did not go forward with a late-term visit to North Korea.

³⁷These talks are a by-product of the October 1994 "Agreed Framework" on limiting North Korea's nuclear program.

³⁸See *Federal Register*, June 12, 1996. P. 29785. Bureau of Political-Military Affairs, Department of State. Public Notice 2404.

In the course of engaging North Korea, the Clinton Administration continued to sanction North Korean entities that were known to be assisting Iran. In February 2000, U.S. intelligence officials indirectly confirmed press reports that North Korea had delivered to Iran 12 engines that would be critical to Iran's efforts to build extended-range Shahab missiles.³⁹ Two months later, on April 6, 2000, the Department of State imposed sanctions on one North Korean and four Iranian entities for engaging in missile technology proliferation activities. The sanctions were imposed pursuant to the Arms Export Control Act and the Export Administration Act, as carried out under Executive Order 12924 of August 19, 1994. The North Korean entity sanctioned was the Changgwang Sinyong Corporation; the four Iranian entities sanctioned were: the Ministry of Defense and Armed Forces Logistics; the Aerospace Industries Organization; the Shahid Hemmat Industrial Group, and the Sannam Industrial Group. In practice, the sanctions (no U.S. licenses for exports to these entities, no U.S. government contracts with the entities, and no imports to the United States of products from these entities) will have little or no effect. The United States does not export to or contract with these entities, and no Iranian or North Korean products permitted to be imported to the United States are produced by these organizations.

Despite U.S. efforts to halt North Korean exports of technology to the Middle East, by all accounts North Korean assistance to Iranian weapons programs is continuing. The January 2001 DoD proliferation report says that "Iran's plans to develop long range missiles come "against the backdrop of sustained cooperation with Russian, North Korean, and Chinese entities..."

Anti-Ship Missiles

Some reports have appeared recently to suggest that Iran and North Korea have begun to cooperate on anti-ship missiles. According to press reports in early 2000, Iran sent to North Korea a few of the C-802 anti-ship missiles Iran bought from China.⁴⁰ Iran reportedly has asked North Korea to help upgrade the accuracy of the missiles. Iran might also be seeking to persuade North Korea to manufacture the missile – or provide Iran the technology to produce the missile itself – to compensate for China's cutoff of additional supplies of the C-802.

³⁹Gertz, Bill. 'Critical' N. Korea Missile Parts Seen Aiding Iran's Program. *Washington Times*, February 10, 2000.

⁴⁰NK, Iran Jointly Developing Missile: Newspaper. *Kyodo News International*, February 16, 2000.

Other Suppliers

Information on Iranian efforts to acquire weapons and technology from other suppliers appears sketchy, and suggests that Iran is scouring the globe for suppliers of scarce technologies. Many press reports describe Iranian attempts to purchase these goods, or U.S. efforts to dissuade other countries from proceeding with sales to Iran. Major examples include the following:

- ! Poland sold Iran 100 T-72 tanks in 1994, and subsequently pledged to the United States not to sell Iran any additional tanks.
- ! In 1997, the U.S. Department of Defense purchased 21 Russian-made MiG-29's from Moldova after reportedly receiving information that Iran was seeking to buy the aircraft.
- ! As noted above, in 1998 the U.S. Administration successfully dissuaded Ukraine from supplying key turbines for the Bushehr nuclear reactor project.
- ! In 1999, a Czech firm, ZVVZ Milevesko, signed a contract to supply air conditioning technology for the Bushehr reactor. The Administration asked the Czech government to ban that sale, and the Czech government subsequently drafted legislation preventing Czech firms from supplying the plant. In April 2000, the lower house of the Czech parliament rebuffed objections from the upper Senate in passing the law, which is expected to be signed by President Vaclav Havel.
- ! The August 2000 CIA nonproliferation report notes that Tehran “expanded its efforts to seek considerable dual-use biotechnical materials, equipment, and expertise from abroad – primarily from entities in Russia *and Western Europe* – ostensibly for civilian uses. The report added that “entities in Western European countries in particular remain significant suppliers for [Iranian and Libyan] WMD programs. Past CIA nonproliferation reports have said that Indian firms had supplied Iran’s chemical weapons program, although the 2000 and 2001 U.S. government proliferation reports do not mention India specifically as a supplier to Iran.